BOARD MEETING OF DECEMBER 14, 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
Gloria Ray, 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
December 14, 2006

ROLL CALL

	Present	Absent
Anderson, Beth, Chair	___________	___________
Conine, C. Kent, Vice-Chair	___________	___________
Bogany, Shadrick, Member	___________	___________
Ray, Gloria, Member	___________	___________
Flores, Sonny, Member	___________	___________
Salinas, Norberto, Member	___________	___________
Number Present	___________	
Number Absent		___________

_______________________, Presiding Officer

BOARD MEETING

December 14, 2006
9:30 AM

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension Auditorium
Austin, TX

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:

Memorial Resolution in Honor of former State Senator Frank L. Madla, Resolution No. 06-053

Chairman Anderson's designation of New Committee Members for the Board's Audit Committee

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 October 12, 2006
b) Minutes of the Board Meeting of November 9, 2006

Legal Division Items:
c) Approval of the law firm of Holland & Knight, LLP as Outside Tax Credit Counsel for the Department in response to a Request for Proposals

Multifamily Division Items:
d) Housing Tax Credit Amendments

03159	Summit Senior Village of Gainesville	Gainesville
04026	Oak Timbers	White Settlement
04101	Pleasant Hill	Austin
04108	Tamarac Pines	The Woodlands
04167	Oxford Place	Houston
05207	Parker Lane Seniors	Austin
060027	Parkway Ranch	Houston
060128	Jacksonville Pines	Jacksonville
060149	Women's Shelter of East Texas	Lufkin

e) Housing Tax Credit Extensions

04066	Pineywoods Community	Orange
04206	Lake Jackson Manor	Lake Jackson
04224	Commons of Grace	Houston
05004	The Pavilion @ Samuels Avenue	Ft. Worth
05005	Cambridge Court	Ft. Worth

05097	Cathy's Pointe	Amarillo
05099	Madison Pointe	Cotulla
05127	Navigation Pointe	Corpus Christi
05137	Los Ebanos Apartments	Zapata
05159	San Juan Square	San Antonio
05160	The Alhambra	San Antonio
05166	Hampton Port	Corpus Christi
05179	The Villages of Huntsville	Huntsville
05198	Olive Grove	Houston

Community Affairs Division Items:

f) Presentation, Discussion and Possible Approval Program Year 2007 Comprehensive Energy Assistance Allocation Awards

g) Presentation, Discussion and Possible Approval of the Community Services Block Grant FFY 2007 Allocation Awards

Financial Administration Items:

h) Presentation, Discussion and Possible Approval of the FY 2007 Amended Operating Budget

Single Family Finance Items:

i) Presentation, Discussion and Possible Approval of Revised Terms for the Texas Loan Star Program with CitiMortgage

Bond Finance Items:

j) Presentation, Discussion and Possible Approval of Resolution No. 06-051 authorizing the extension of the certificate purchase period for the Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B (Program 61)

k) Presentation, Discussion and Possible Approval of Resolution No. 06-052 authorizing the extension of the certificate purchase period for the Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62)

ACTION ITEMS

Item 2: Proposed Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005

Item 3: Presentation, Discussion and Possible Approval of Portfolio Management & Compliance Division Items:

a) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program contracts:

1000186	Brewster County
1000189	Edinburg Housing Opportunity Corporation
1000290	City of Granger
1000360	Coastal Bend Center for Independent Living
1000604	San Augustine County
1000605	Trinity County
1000607	Angelina County

b) Presentation, Discussion and Possible Approval of Requests for Amendments for Program Year 2005 and 2006 HOME OCC Contracts (including Rita) to Increase the maximum amount of assistance

Item 4: Presentation, Discussion and Approval of Real Estate Analysis Items:

a) Presentation, Discussion and Possible Rescission of the 4% Tax Credit Determination notice associated with 2006 Private Activity Bond Development #060427 Mansions at Turkey Creek

Item 5: Presentation, Discussion and Possible Approval of Department Rules

a) Presentation, Discussion and Possible Approval for publication in the Texas Register of Draft Amendments to Title 10, Part 1, Chapter 60, Subchapter A and Adopt Repeal of Title 10, Part 1, Subchapter A , Sections 1.11, 1.13 and 1.14

b) Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Rule for Action by Department if Outstanding Balance Exists, to be codified at 10 Texas Administrative Code §1.13

c) Presentation, Discussion and Possible Approval for publication in the Texas Register of the final Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines, to be codified at 10 Texas Administrative Code §1.31 through §1.37

d) Presentation, Discussion and Possible Approval of the Draft Asset Resolution and Enforcement Rule for publication in the Texas Register to receive public comment

e) Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Texas Bootstrap Loan Program Rules, to be codified at 10 Texas Administrative Code, Chapter 2, Part 1

f) Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Colonia Self-Help Centers Rules, to be codified at 10 Texas Administrative Code, Chapter 3

g) Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Colonia Housing Standards Rules, to be codified at 10 Texas Administrative Code, Chapter 1, Section 1.18

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

a) Presentation, Discussion and Possible Approval of the Final State of Texas Low Income Housing Plan and Annual Report

b) Presentation, Discussion and Possible Approval of the 2007 State of Texas Final Consolidated Plan: One-Year Action Plan

c) Presentation, Discussion and Possible Approval of the 2007 Regional Allocation Formula Methodology for the HOME Program

d) Presentation, Discussion and Possible Approval of the 2007 Affordable Housing Needs Score Methodology for the HOME Program

Item 7: Presentation, Discussion and Possible Approval of Housing Programmatic Items:

a) Presentation, Discussion and Possible Approval of a 2007 HOME Multifamily Preservation and Rental Development Program Notice of Funding Availability

b) Presentation, Discussion and Possible Approval of a 2007 HOME Multifamily Community Housing Development Organization Program Notice of Funding Availability

c) Presentation, Discussion and Possible Action for an Amendment of the HOME Commitment for Star Village Apartments

Item 8: Presentation, Discussion and Possible Approval of Community Affairs Division:

a) Presentation, Discussion and Possible Approval of Draft Public Housing Authority (PHA) Plan for Program Year 2007

Item 9: Presentation, Discussion and Possible Approval of Office of Colonia Initiatives Division Items:

a) Presentation, Discussion and Possible Approval of awards of the Housing Trust Fund - Texas Bootstrap Loan Program:

Bryan/College Station Habitat for Humanity	Brazos
Waco Habitat for Humanity	McLennan
Community Action Social Services & Education, Inc.	Maverick
Fort Worth Area Habitat for Humanity	Tarrant & Johnson
Midland Habitat for Humanity	Midland
Habitat for Humanity-Corpus Christi, Inc.	Nueces

Item 10: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:

a) Presentation, Discussion and Possible Action for Housing Tax Credit Amendments or Extensions Not Being Recommended by Staff

01482	The Claremont	Arlington
02135	Lakeridge	Texarkana
060007	Landa Place	New Braunfels
060132	Vista Pines	Nacogdoches
060244	River Park	Waco

b) Presentation, Discussion and Possible Action of Waivers to Eligibility for the 2004 & 2005 Credit Increase Policy

04154	Plainview Vista	Plainview

c) Presentation, Discussion and Possible Action of Award from the Approved 2006 Waiting List

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

060433 060433 Costa Verde, Clute, Texas
Southeast Texas HFC is the Issuer
Recommended Credit Amount of $798,840

e) Presentation, Discussion and Possible Approval of Waivers of a portion of §49.12(f) of 2007 QAP for Gardens of DeCordova, Gardens of Weatherford and Lakes of Goldshire

Item 11: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the issuer:

060628 Lancaster Apartments, Harris County Texas for a bond Amount Not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $1,137,297. Resolution No. 06-050

b) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution No. 06-048:

07604	Terraces at Cibolo	Boerne
07605	Summit Point Apartments	Houston
07606	Santora Villas	Austin

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) Consultation pursuant to §551.072, Texas Government Code with respect to an offer regarding a land transaction related to 6.5 acres of undeveloped land in Tyler, Texas.

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

d) Consultation with Attorney Pursuant to §551.071, Texas Government Code: [Kevin]

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 State 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* Filed in Federal Court

5. 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, November 2006
2. Discussion about Work Sessions for Flores
3. Report on status of previously approved Bond Finance Program 68
4. Progress Report on 2006 Disaster HOME OCC Awards Made in May 2006
5. Quarterly Status Report on Prior HOME Amendments
6. Status of Prior Year HOME Balances in IDIS

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
December 14, 2006

Action Item

Summary of Board Meeting Minutes for October 12, 2006.

Required Action

Review minutes of the October 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.

BOARD MEETING

October 12, 2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension Room E2.026; 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 October 12, 2006 was called to order by the Chair, Ms. Elizabeth Anderson at 9:40 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
The Honorable Norberto Salinas – Member
Sonny Flores – Member
Gloria Ray - Member

Board offered their thanks and gratitude for Mr. Gonzalez service on the Board and to the State of Texas.
Board welcomed new board member, Gloria Ray.

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 Gary Elkins, State Representative for District 135, provided testimony against the Rolling Creek project.
Dennis Borel, director of Coalition of Texans With Disabilities, provided testimony concerning accessible affordable integrated housing.
Sylvia Oyerbides, representing residents of San Juan Square II, San Antonio, provided testimony.
Genie Fuentez, representing residents of San Juan Square II, San Antonio, provided testimony.
Erin Colletti, on behalf of the Honorable Representative Buddy West, in support of Key West Senior Village Phase II.
Rose Guajardo Walker, on behalf of the Honorable Senator Kel Seliger, in support of Key West Senior Village Phase II.
Randy Stevenson, Arlington, Texas, provided testimony in support of Key West Senior Village Phase II.
Dan Allgeier, provided testimony in support of Key West Senior Village Phase II.
Adela Vasquez, provided testimony in support of Key West Senior Village Phase II.
Bernadine Spears, provided testimony in support of Key West Senior Village Phase II.
Kurt Arbuckle, Sienna Trails town homes, provided testimony.

Darrell Jack, Apartment Market Data, provided testimony concerning changes to the 2007 real estate analysis rules and guidelines.
Stephanie Thomas, Adaptive Texas, provided testimony concerning affordable accessible housing for people with disabilities, and getting people out of nursing homes.
Bob Kafka, Adaptive Texas, co-director of the Institute for Disability Access, provided testimony concerning Olmstead Vouchers and the Home of Your Own (HOYO) program.
Jean Langendorf, Executive Director of United Cerebral Palsy of Texas, provided testimony.
Sarah Mills, Advocacy Incorporated, Housing Policy Specialist, provided testimony.
Jennifer McPhall, Adaptive Texas, provided testimony concerning funding for affordable, accessible housing for people coming out of nursing homes.
Matt Hull, provided testimony concerning HOME funding the State Low Income Housing Plan.

AGENDA ITEM 9a (At the Board's discretion, 9a was taken out of order):

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

a) Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer For:

060619 Rolling Creek, Houston, Texas for a bond Amount Not to Exceed $0 and the Issuance of a Determination Notice Recommended Credit Amount of $0. Resolution #06-038

Motion made by Mr. Bogany to approve staff recommendation; seconded by Mr. Conine; passed unanimously.
Bob Coe, O'Connor and Associates, provided testimony.
Barry Palmer, law firm of Coates Rose, provided testimony.
Jude Wiggins, member of the Fairbanks Area Partnership, provided testimony.
Jamie Cornelius, provided testimony.
Mark Bower, Cynosure Developers, provided testimony.
Charles Jackson, Fairbanks Area Partnership, provided testimony.

EXECUTIVE SESSION

At 11:45 a.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 12:45 p.m.

1. 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.
2. 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.
3. Consultation with Attorney Pursuant to §551.071, Texas Government Code:
   a. With Respect to pending litigation styled TP Seniors II, Ltd. v. TDHCA Filed in State Court in Travis County, Texas
   b. With Respect to pending litigation styled Gary Traylor, et al. v. TDHCA, Filed in Stat Court in Travis County, Texas
   c. With Respect to pending litigation styled Dever v. TDHCA Filed in Federal Court
   d. With Respect to pending litigation styled Ballard v. TDHCA and the State of Texas Filed in Federal Court
   e. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION

Mr. Conine reconvened Open Session at 12:45 p.m. and announced that no action had been taken during the Executive Session and certified that the posted agenda was followed.

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.

Mr. Gerber respectfully requested to take item 1b out of the Consent Agenda, for further discussion.

Motion made by Mr. Bogany to approve request; seconded by Mayor Salinas; passed unanimously. Chair Anderson did not participate in the vote.

AGENDA ITEM 1:

Approval of the following items presented in the Board materials:

General Administration Items:

a) Minutes of the Board Meeting of August 30, 2006

Financial Division Items:

c) Fourth Quarter Investment Report

Multifamily Division Items:

d) Housing Tax Credit Amendments:

01108	Logan's Pointe	Mount Vernon
03039	Oak Timbers	Grand Prairie
03220	Desert Breeze	Horizon City
03222	Whispering Sands	Anthony
05004	Samuels Place	Ft. Worth
05127	Navigation Pointe	Corpus Christi

e) Presentation, Discussion and Possible Approval of Qualified Trustees for the Multifamily Mortgage Revenue Bond Transactions

f) Presentation, Discussion and Possible Approval of a Senior Managing Underwriting Firm for Multifamily Mortgage Revenue Bond Transactions

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

060426 Costa Almadena San Antonio; Bexar County HFC is the Issuer, Recommended Credit Amount of $734,966

h) Presentation, Discussion and Possible Approval of Award of 2006 Credit Ceiling, including National Pool, and /or 2007 Credit Ceiling, to Applications Listed Below from the 2006 Waiting List:

060244 Waco River Park Apartment Homes Waco

Portfolio Management and Compliance Items:

i) Presentation, Discussion and Possible Approval of a Request for Proposals for the Uniform Physical Condition Standards Inspections

Real Estate Analysis Division Items:

j) Presentation, Discussion and Possible Determination for an Amendment to the Credit Amount for Residences at Sunset Pointe, #060609

Single Family Division Items:

k) Presentation, Discussion and Possible Approval of two Disaster Relief Program Award recommendations under the HOME Owner Occupied Housing Assistance Program in the amount of $572,000

2006-0206-DR	Eastland County	Recommended Amount $286,000
2006-0207-DR	City of Cross Plains	Recommended Amount $286,000

l) Presentation, Discussion and Possible Approval of the Hurricane Rita Single Family HOME Owner Occupied Housing Assistance Program (HOME) award recommendations in the amount of $4,368,000

2006-0208-RDR	Jasper County	Recommended Amount $624,000
2006-0209-RDR	Tyler County	Recommended Amount $624,000
2006-0210-RDR	Newton County	Recommended Amount $624,000
2006-0211-RDR	Polk County	Recommended Amount $624,000
2006-0214-RDR	San Jacinto County	Recommended Amount $624,000
2006-0217-RDR	Liberty County	Recommended Amount $624,000
2006-0218-RDR	Chambers County	Recommended Amount $624,000

Motion made by Mr. Bogany to approve Consent Agenda as amended, seconded by Mayor Salinas; passed unanimously. Chair Anderson did not participate in the vote.

AGENDA ITEM 1b *(removed from Consent Agenda at Executive Director's Request)*:

Approval of the following items presented in the Board materials:

Executive Division Items:

b) Presentation, Discussion and Possible Approval of Authority to Utilize up to $1 million of Housing Trust Fund for Leveraging in the FEMA Alternative Housing Pilot Program

Motion made by Mr. Bogany to accept staff's recommendation to amend posted recommendation to allow the Department's application to include up to $1 million in Housing Trust Fund as leveraging, returning for a specific award at a later date, if the Department is successful in the FEMA round; seconded by Mayor Salinas; passed unanimously. Chair Anderson did not participate in the vote.

Chair Anderson returns to preside at meeting.

AGENDA ITEM 3 *(At the Board's discretion, Item 3 was taken out of order):*

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

a) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program (HOME) contracts:

1000156 Val Verde County

Motion made by Ms. Ray to grant extension with the conditions that the staff has placed to reduce the number of homes from 10 to 6; seconded by Mayor Salinas; passed unanimously.

1000298 Town of Anthony
1000299 City of Pearsall
1000300 City of Balmorhea
1000302 City of Presidio
1000303 Town of Combes
1000308 Frio County

Honorable George Cabasos, Mayor, City of Pearsall, provided testimony.

Mr. Gerber read for the record a letter from the Honorable Representative Pete Gallegos in support of the appeals for the cities of Presidio and Balmorhea.

Motion made by Mayor Salinas to allow the six communities to have an 18 month extension under all the terms and conditions recommended by staff; seconded by

Ms. Ray; Motion by Mr. Bogany to amend the Mayor's motion to require new grant writers; Amendment accepted by Mayor Salinas and Ms. Ray; Mayor Salinas, Mr. Flores and Ms. Ray vote in favor of motion; Mr. Conine, Mr. Bogany and Ms. Anderson vote against the motion; Motion fails. On a 3-3 vote, no further action taken.

1000267 City of Caney City

Motion made by Mayor Salinas to grant the appeal and extension of time, as well as the reduction of the award from five to three; seconded by Mr. Bogany; passed unanimously.

1000282 City of Wolfe City

Motion made by Mr. Flores to approve the extension, subject to the conditions made by staff; seconded by Ms. Ray; passed unanimously.

1000327 City of Mesquite

Cliff Keheley, Director of Community Services for the City of Mesquite, provided testimony.

Motion made by Mr. Flores to approve the extension, subject to the conditions made by staff; seconded by Ms. Anderson; passed unanimously.

b) **Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program (HOME) Tenant Based Rental Assistance (TBRA) contracts:**

542020	Comal County Housing Authority	New Braunfels
542023	Affordable Housing of Parker County	Springtown
542027	Combined Community Action, Inc.	Giddings
542033	Cameron County Housing Authority	Brownsville
542036	Twin City Mission	Bryan
1000334	Comal County Housing Authority	New Braunfels
1000338	Latino Education Project	Corpus Christi
1000339	Combined Community Action, Inc.	Giddings
1000340	Affordable Housing of Parker County	Springtown
1000344	Texas Neighborhood Services	Mineral
1000346	Edinburg Housing Authority	Edinburg
1000349	El Paso MHMR	El Paso
1000445	Ellis Townhomes, Inc.	New Braunfels
1000449	Housing Authority of Frisco	Frisco
1000453	Affordable Housing of Parker County	Springtown
1000196	Valley Association for Independent Living	McAllen

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

ACTION ITEMS

AGENDA ITEM 2:

Presentation, Discussion and Approval of Audit Committee Items:

David Gaines, Director of Internal Audit, provided report.

a) Internal Audit Report - Office of Colonia Self-Help Centers Initiatives' Draw Processing Subrecipient Monitoring Function for the Self-Help Centers Program
No action taken.

b) Status of Prior Audit Issues
No action taken.

c) FY 2006 TDHCA Annual Internal Audit Report
No action taken.

d) Status of Internal/External Audits
No action taken.

AGENDA ITEM 4:

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

a) **Presentation, Discussion and Possible Determination of an appeal on Tax-Exempt Bond Credit Increase Request Fee for Eagle's Landing Apartments, #02414**
Withdrawn from consideration.

AGENDA ITEM 5:

Presentation, Discussion and Possible Approval of Bond Finance Items:

a) **Presentation, Discussion and Possible Approval of Single Family Mortgage Revenue Bonds, 2006 Series F, Single Family Mortgage Revenue Refunding Bonds, 2006 Series G, and Single Family Mortgage Revenue Bonds, 2006 Series H (Variable Rate Demand Bonds) (Program 68). Resolution #06-037**
Matt Pogor, acting director of Bond Finance, provided report.
Gary Machak, RBC Dain Rauscher, financial advisor to the Department, provided testimony.
Motion made by Mr. Conine to approve Resolution #06-037; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 6:

Presentation, Discussion and Possible Approval of Housing Programmatic Items:

a) **Presentation, Discussion and Possible Approval of the 2006 Preservation Incentives Program Notice of Funding Availability (NOFA)**
Withdrawn from consideration.

AGENDA ITEM 7:

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

a) **Presentation, Discussion and Possible Approval to Modify the CDBG Disaster Recovery Action Plan to Require Deferred Forgivable Loans for Beneficiaries residing in floodplains**
Bill Dally, Deputy Executive Director of Administration, provided report.
Jennifer Molinari, acting CDBG Program Coordinator, provided report.
Motion made by Ms. Ray to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 8:

Presentation, Discussion and Possible Approval of Office of Colonia Initiative Items:

a) **Presentation, Discussion and Possible Approval of the Housing Trust Fund – Texas Bootstrap Loan Program Notice of Funding Availability (NOFA)**
Motion made by Mr. Bogany to approve; seconded by Ms. Ray; passed unanimously.
b) **Presentation, Discussion and Possible Approval of the Texas Bootstrap Loan Program Draft Rules, 10 Texas Administrative Code**
c) **Presentation, Discussion and Possible Approval of the Office of Colonia Initiatives, Colonia Housing Standards Draft Rules, 10 Texas Administrative Code, Section 1.18. Chapter 2**

d) **Presentation, Discussion and Possible Approval of the Colonia Self-Help Center Draft Rules, 10 Texas Administrative Code, Chapter 3**
Homero Cabello, Director of the Office of Colonia Initiatives, provided report.
Gage Yager, Executive Director of Trinity Habitat for Humanity, provided testimony.
Carlos Hernandez, Executive Director of Habitat for Humanity Texas, provided testimony.
Motion made by Mr. Flores to approve staff recommendation on 8b, c, and d; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 9:
Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) **Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer For:**
(At the Board's discretion, 9a, 060619 Rolling Creek, Houston, Texas, was taken out of order)

060623 **East Tex Pines, Houston, Texas for a bond Amount Not to Exceed $13,500,000 and the Issuance of a Determination Notice Recommended Credit Amount of $1,132,098. Resolution #06-039**
Motion made by Mr. Bogany to approve resolution #06-039; seconded by Mr. Conine; passed unanimously.

060624 **Havens at Mansfield, Mansfield, Texas for a bond Amount Not to Exceed $5,471,000 and the Issuance of a Determination Notice Recommended Credit Amount of $305,444. Resolution #06-040**
Motion made by Mr. Bogany to approve resolution #06-040; seconded by Mr. Conine; passed unanimously.

060625 **Generations at Mansfield, Mansfield, Texas for a bond Amount Not to Exceed $0 and the Issuance of a Determination Notice Recommended Credit Amount of $0. Resolution #06-041**
Robbye Meyer, Director of Multifamily, provided report.
Tom Gouris, Director of Real Estate Analysis, provided report.
John Shackelford with Shackelford, Melton and McKinley, representing the developer, provided testimony.
Motion made by Mr. Conine to approve staff recommendation of resolution #06-041; seconded by Mr. Flores; passed unanimously.

060627 **Aspen Park, Houston, Texas for a bond Amount Not to Exceed $9,960,000 and the Issuance of a Determination Notice Recommended Credit Amount of $435,465. Resolution #06-042**
Motion made by Mr. Conine to approve resolution #06-042; seconded by Mr. Flores; passed unanimously.

060629 **Villas at Henderson, Cleburne, Texas for a bond Amount Not to Exceed $7,200,000 and the Issuance of a Determination Notice Recommended Credit Amount of $407,847. Resolution #06-043**
Motion made by Mr. Conine to approve resolution #06-043; seconded by Mr. Bogany; passed unanimously.

b) **Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2006:**

07601 **Place at Loyola** **Austin**
Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

07602 **Mesquite Creek Apartments** **Mesquite**

Will Thorne, representing the applicant and owner, provided testimony. Motion made by Mr. Conine to table this until the November meeting; seconded by Mayor Salinas; passed unanimously.

AGENDA ITEM 10:

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

a) **Presentation, Discussion and Possible Action for Housing Tax Credit Extension:**

05198 **Olive Grove Manor Apartments** **Houston**

Withdrawn from consideration.

b) **Presentation, Discussion and Possible Approval of Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments and Recommendations of Awards to Eligible Developments Under the Final Policy**

Jim Brown, Executive Director of THAAP, provided testimony.

Bill Fisher, Odyssey Partners, provided testimony.

Gail McDonald, Winstead, Sechrist and Minnick on behalf of the Harris County Housing Authority, provided testimony.

Cynthia Bast of Locke, Liddell and Sapp, representing a variety of developers with interests in the 2004 and 2005 tax credit rounds, provided testimony.

Diana McIver, provided testimony.

Motion made by Mr. Conine to approve the policy with the amendment to not recognize the $2 million cap in the '04 and '05 rounds and to add credits to the same developers in the '07 and '08 rounds; seconded by Mr. Bogany; passed unanimously.

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

060417 **Artisan at Salado Heights San Antonio; San Antonio HFC is the Issuer, Recommended Credit Amount of $0**

Withdrawn from consideration until November.

060427 **Mansions at Turkey Creek Houston; Houston HFC is the Issuer, Recommended Credit Amount of $1,059,669**

Motion made by Mayor Salinas 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 and the Issuance of a HOME commitment:**

060419 **Gardens of Weatherford, Tarrant County HFC is the Issuer, Recommended Housing Tax Credit Amount of $283,232 and HOME Award in the Amount of $1,144,376**

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

060420 **Gardens of DeCordova; Tarrant County HFC is the Issuer, Recommended Housing Tax Credit Amount of $281,258 and HOME Award in the Amount of $1,194,376**

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

REPORT ITEMS

Executive Director's Report

1. TDHCA Outreach Activities, August and September 2006
   No action taken.
2. Quarterly Report on Housing Tax Credit Ownership Transfers
   No action taken.
3. Status of Prior Year HOME Balances in IDIS
   No action taken.
4. Status of the Housing Trust Fund Notice of Funding Availability (NOFA) for the TDHCA Rental Portfolio Hurricane Relief Program
   No action taken.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 3:00 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
December 14, 2006

Action Item

Summary of Board Meeting Minutes for November 9, 2006.

Required Action

Review minutes of the November 9, 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

November 9, 2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Capitol Extension, E1.030; 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 November 9, 2006 was called to order by the Vice-Chair, Mr. Kent Conine at 9:30 a.m. It was held at 1100 Congress Ave, Capitol Extension, E1.030, Austin, Texas 78701. Roll call certified a quorum was present.

Members Present:

C. Kent Conine – Vice-Chair
The Honorable Norberto Salinas – Member
Sonny Flores – Member
Gloria Ray – Member

Members Absent:

Elizabeth Anderson – Chair
Shadrick Bogany – Member

PUBLIC HEARING ON THE STATE LOW INCOME HOUSING PLAN

Prior to receiving general public comment, the Governing Board extends an invitation to any member of the Public that wishes to provide public comment on the State Low Income Housing Plan prior to Board approval at this meeting.

Felix Briones, ADAPT, provided testimony.
Gene Rodgers, ADAPT, provided testimony.
Stephen Harvey, Heart of Central Texas Independent Living Center, provided testimony.
Nelson Peet, ADAPT, provided testimony.
Jennifer McPhail, ADAPT, provided testimony.
James Meadows, Texas Advocates, provided testimony.
Monique Carle, Coastal Bend Center for Independent Living, provided testimony.
Cathy Cranston, ADAPT, provided testimony.
Regina Blye, State independent Living Council, provided testimony.
Bob Kafka, Institute for Disability Access, provided testimony.
Danny Saenz, ADAPT, provided testimony.
Stephanie Thomas, ADAPT, provided testimony.
Albert Sparky Metz, ADAPT, provided testimony.
Angela Lello, Texas Council for Developmental Disabilities, provided testimony.
Otis Larry, Housing Counselor, provided testimony.
Sarah Mills, ADAPT, provided testimony
Stephen Hester, Houston Center for Independent Living, provided testimony.
Matt Hull, Texas Association of Community Development Councils, provided testimony.

Ron Cranston, UCP Texas, provided testimony.
Tanya Winters, Texas Advocates, provided testimony.
Judy Telge, Coastal Bend Center for Independent Living, provided testimony.

Public Hearing Testimony concluded at 10:50 a.m.

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.

Adela Vasquez, Housing Authority of Odessa, provided testimony regarding Key West Senior Village, Phase II.
Bernadine Spears, provided testimony regarding Key West Senior Village, Phase II.

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.

Motion made by Mayor Salinas to pull Consent Agenda Item 1 c) for further discussion; seconded by Ms. Ray; passed unanimously.

AGENDA ITEM 1:

Approval of the following items presented in the Board materials:

Multifamily Division Items:

a) **Housing Tax Credit Amendments or Extensions**

05165	Lincoln Park	Houston
04003	Villas on Sixth Street	Austin
04170	Gardens of Athens	Athens
04176	Gardens of Gladewater	Gladewater
04250	Knollwood Heights	Big Spring
04409	Evergreen at Plano Independence	Plano
060148	Pineywoods Orange Developments	Orange
04224	Commons of Grace	Houston

Real Estate Analysis Division Items:

b) **Presentation, Discussion and Possible Determination for an Amendment to the Credit Amount for Woodside Manor Senior Community**

Community Affairs Division Items *(at the Board's discretion, Agenda Item 1 c) pulled from Consent Agenda for further discussion):*

d) **Presentation, Discussion and Possible Approval of Section 8 Payment Standards, Resolution #06-047**

Motion made by Mayor Salinas to approve Consent Agenda, with exception of Item 1 c); seconded by Ms. Ray; passed unanimously.

Community Affairs Division Items *(At the Board's discretion, 1c was taken out of Consent Agenda)*:

c) **Presentation, Discussion and Possible Approval of Draft Public Housing Authority (PHA) Plan for Program Year 2007**
Brooke Boston, DED of Programs, provided report.
Eddie Fariss, Director, Community Services, provided report.
Motion made by Mayor Salinas to postpone item until next Board meeting; seconded by Mr. Flores; passed unanimously.

ACTION ITEMS

AGENDA ITEM 2:

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

a) **Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program (HOME) contracts:**

1000298	**Town of Anthony**	**Anthony**
1000299	**City of Pearsall**	**Pearsall**
1000300	**City of Balmorhea**	**Balmorhea**
1000302	**City of Presidio**	**Presidio**
1000303	**Town of Combes**	**Combes**
1000308	**Frio County**	**Pearsall**
1000297	**Zapata County**	**Zapata**
1000301	**Alpha Concepts, Inc.**	**Orange**

Katherine Frolow, Legislative Assistant to the Honorable Pete Gallego, provided testimony in favor of the City of Presidio extension.
Thomas Nance, on behalf of the Mayor of Presidio, provided testimony in favor of extension.
Honorable Mike Rodriguez, Mayor of Balmorhea, provided testimony in favor of extension.
Raul Rodriguez, mayor pro tem of the City of Balmorhea, provided testimony in favor of extension.
Honorable Carlos Garcia, Frio County Judge, provided testimony in favor of extension.
Honorable George Cabasos, Mayor of Pearsall, provided testimony in favor of extension.
Jose Trevino, city manager of the City of Pearsall, provided testimony in favor of extension.
Honorable Silvestre Garcia, Mayor of the Town of Combes, provided testimony in favor of extension.
Fred Cantu, chief of staff for the Honorable Juan Escobar, provided testimony in favor of the City of Combes extension.
Robert McVey, with the office of the Honorable Ryan Guillen, provided testimony in favor of the Zapata Co. extension.
Carlos Colina-Vargas provided testimony.
Motion made by Mayor Salinas to grant extensions to the Town of Anthony, City of Pearsall, City of Balmorhea, City of Presidio, Town of Combes, Frio Co., Zapata Co., and Alpha Concepts, Inc., subject to the terms outlined by staff in written form in Board Book; seconded by Mr. Flores; passed unanimously.

1000253	**City of Lewisville**	**Lewisville**
1000264	**City of Midland**	**Midland**

Jamey Kirby with the City of Lewisville, provided testimony in favor of the City of Lewisville extension.

Motion made by Mayor Salinas to approve staff recommendation to extend the contract with an amendment to extend for 9 months; seconded by Ms. Ray; passed unanimously.

1000305 City of Texarkana Texarkana

George Shackelford, City Manager in Texarkana, provided testimony.

Motion made by Ms. Ray to approve request, subject to terms outlined by staff; seconded by Mayor Salinas; Mr. Flores votes no; motion passed.

531300 Center for Housing & Economic Opportunities Corp. San Leanna

Mark Harms, executive director of the Center for Housing and Economic Opportunities, provided testimony.

Motion made by Mayor Salinas to approve request, subject to terms outlined by staff; seconded by Ms. Ray; passed unanimously.

AGENDA ITEM 3:

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

a) **Presentation, Discussion and Possible Approval of the 2007 Regional Allocation Formula Methodology**

b) **Presentation, Discussion and Possible Approval of the 2007 Affordable Housing Needs Score Methodology**

Motion made by Mayor Salinas to approve a) and b); seconded by Ms. Ray; passed unanimously.

AGENDA ITEM 4: *(Taken out of order at the discretion of Board Chair)*

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

a) **Presentation, Discussion and Possible Approval of Hidalgo County Self-Help Center Extension request**

Motion made by Mayor Salinas to approve request; seconded by Ms. Ray; passed unanimously.

RECESS

Mr. Conine recessed for Lunch at 12:07 p.m.

OPEN SESSION

Mr. Conine reconvened Open Session at 1:00 p.m.

REPORT ITEMS

Executive Director's Report

1. **Report on new $428.6 million CDBG Disaster Relief Funding Action Plan**
   Mr. Gerber provided report and announced that the much anticipated second funding for disaster relief for Hurricanes Rita and Katrina was announced on October 30 by the U.S. Department of Housing and Urban Development.
2. **TDHCA Outreach Activities, October 2006**
   No action taken.
3. **Second Release of RFP for property management**
   No action taken.

AGENDA ITEM 5:

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

a) **Presentation, Discussion and Possible Action on Housing Tax Credit Appeals (timely filed)**
   060032 Spanish Creek TownhomesEl Paso
   Steve Ortega, City of El Paso, provided testimony.
   Cynthia Bast, of Locke Liddell & Sapp, provided testimony.
   Motion made by Mr. Flores to approve appeal; seconded by Ms. Ray; passed

b) **Presentation, Discussion and Possible Approval of Waivers to Eligibility for the 2004 & 2005 Credit Increase Policy**
   Michael Gerber, reported that Tejas Housing Development, Inc. and Investment Builders, Inc. are requesting a waiver of this provision as it relates to five properties with 2004-2005 credits.
   John Pitts, representing Tejas Housing, provided testimony.
   R.J. Collins, provided testimony.
   Motion made by Mayor Salinas to grant waiver to Tejas Housing Development; seconded by Ms. Ray; passed unanimously.
   Cynthia Bast, of Locke Liddell & Sapp, representing Cedar Oak and North Mountain Village, provided testimony.
   Motion made by Mayor Salinas to amend waiver for Investment Builders; seconded by Mr. Flores; passed unanimously. The Board voted to use '06 tax credits that are left over first, followed by '07 or '08 if '06 isn't enough.

c) **Presentation, Discussion and Possible Approval of Award from the 2006 Waiting List**
   060151 Bluff's Landing Georgetown
   Cynthia Bast, Lock, Liddell & Sapp, provided testimony.
   Withdrawn from consideration.

d) **Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:**
   060417 Artisan at Salado Heights, San Antonio, Texas; San Antonio HFC is the Issuer; Recommended Credit Amount of $1,106,360
   060418 Southpark Apartments, Austin, Texas; Strategic HFC of Travis County is the Issuer; Recommended Credit Amount of $638,559
   Motion by Mayor Salinas to approve staff recommendation for Artisan at Salado Heights and Southpark Apartments; seconded by Mr. Flores; passed unanimously.
   060429 Lakes of Goldshire, Rosenberg, Texas; Fort Bend County HFC is the Issuer; Recommended Credit Amount of $0
   Antoinette Jackson provided testimony.
   Navdip Sobti, provided testimony.
   Motion made by Ms. Ray to grant waiver and approve $660,812 in credits; seconded by Mayor Salinas

e) **Presentation discussion and possible confirmation of approval or rescission of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:**
   060427 Mansions at Turkey Creek Houston; Houston HFC is the Issuer; Recommended Credit Amount of $1,059,669
   Withdrawn from consideration.

AGENDA ITEM 6:

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

a) **Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the issuer For:**
060617 Idlewilde Apartments, Harris County Texas for a bond Amount Not to Exceed $15,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of $1,184,604. Resolution #06-045
Steve Ford provided testimony.
Motion made by Ms. Ray to accept staff recommendation; seconded by Mayor Salinas; passed unanimously.

b) **Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution #06-046:**
07602 Mesquite Creek Apartments Mesquite
John Shackelford, Shackelford, Melton & McKinley, provided testimony.
Motion made by Mayor Salinas to approve; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 7:

Presentation, Discussion and Possible Approval of Final Department Rules:

Ginger McGuire, senior vice president with Lancaster Polledge Mortgage Co., provided testimony concerning the 538 Rural Program and the QAP.
Eric Opiela, representing Texas United Independent Developers, provided testimony regarding the REA rules and QAP.
Jim Brown, executive director of the Texas Affiliation of Affordable Housing Providers, provided testimony regarding the REA rules and QAP.
Diana McIver, president of DMA Development, provided testimony regarding the REA rules and QAP.
Bill Skeen, Dakota Partners, provided testimony regarding the QAP.
Barry Kahn, provided testimony regarding the QAP.
Bill Fisher, Odyssey Residential, provided testimony regarding the QAP.
Cynthia Bast, Locke, Liddell, & Sapp, provided testimony regarding the QAP.
Roy Navarro, executive director of the Housing Authority of the City of Pharr, provided testimony regarding the QAP.
Antoinette Jackson, provided testimony regarding the QAP.
Richard Franco, CEO of the Corpus Christi Housing Authority and president of the Texas Chapter of the National Association of Housing Development Officials, provided testimony regarding the QAP.
Fernando Lopez, with the Pharr Housing Authority, provided testimony on behalf of Marilyn Vela, the executive director for Alamo Housing Authority, regarding the QAP.
Brad McMurray, provided testimony on behalf of Henry Alvarez, the president and CEO of the San Antonio Housing Authority, regarding the QAP.
Apolonio Flores, Flores Residential, LC, provided testimony regarding the QAP.
Estella Trevino, executive director of the Edinburg Housing Authority, provided testimony regarding the QAP.

a) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Staff Appeals Process, to be codified at 10 Texas Administrative Code §1.7**

b) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Board Appeals Process, to be codified at 10 Texas Administrative Code §1.8**

c) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the Alternative Dispute Resolution and Negotiated Rulemaking Process, to be codified at 10 Texas Administrative Code §1.17**
Motion made by Mayor Salinas to approve staff recommendation on items a, b and c; seconded by Ms. Ray; passed unanimously.

d) **Presentation, Discussion and Possible Approval for publication in the Texas register of the final Energy Assistance Rules, to be codified at 10 Texas Administrative Code, Chapter 6**

e) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the final Community Services Block Grant Draft Rules to be codified at 10 Texas Administrative Code, Chapter 5, Subchapter A**

f) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the final Emergency Shelter Grants Program Rules, to be codified at 10 Texas Administrative Code, Chapter 5, Subchapter C**
Motion made by Mayor Salinas to approve staff recommendation for items d, e and f; seconded by Mr. Flores; passed unanimously.

g) **Presentation, Discussion and Possible Approval for publication in the Texas Register of Final Amendments to Title 10, Part 1, Chapter 60, Subchapter A and Adopt Repeal of Title 10, Part 1, Subchapter A , Sections 1.11, 1.13 and 1.14**
Postponed from consideration.

h) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the Final Rule for Action by Department if Outstanding Balance Exists, to be codified at 10 Texas Administrative Code §1.13**
Postponed from consideration.

i) **Presentation, Discussion and Possible Approval for publication in the Texas Register of the final Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines, to be codified at 10 Texas Administrative Code §1.31 through §1.37**
Postponed from consideration.

j) **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 for the publication in the Texas Register of the final 2007 Housing Tax Credit Program Qualified Allocation Plan (QAP) And Rules to be codified at 10 Texas Administrative Code Chapter 49**
<u>Robbye Meyer, Director of Multifamily</u>, provided report and answered questions concerning the QAP.
Motion made by Mayor Salinas to accept the staff recommendation for the proposed 2007 QAP with the additions discussed and agreed upon by the board November 9, 2006 and pending the Attorney General's decision on housing authorities; seconded by Mr. Flores; passed unanimously.

k) **Presentation, Discussion and Possible Approval of the 2007 Multifamily Application Submission Procedures Manual (ASPM) in accordance with §2306.67022 of Texas Government Code**
Motion made by Mayor Salinas to approve staff recommendation for item k; seconded by Mr. Flores; passed unanimously.

l) **Presentation, Discussion and Possible Approval of the Proposed Repeal of 10 Texas Administrative Code Chapter 35, 2005 Multifamily Housing Revenue Bond Rules and for the publication in the Texas Register of the final 2007 Draft Multifamily Housing Revenue Bond Rules to be codified at 10 Texas Administrative Code Chapter 35**

m) **Presentation, Discussion and Possible Approval of the Proposed Repeal of 10 Texas Administrative Code Chapter 51 2006 Housing Trust Fund Rules and Proposed Adoption of 10 Texas Administrative Code Chapters 51 2007 Housing Trust Funds Rules**

Motion made by Mayor Salinas to approve staff recommendation for items l and m; seconded by Mr. Flores; passed unanimously.

n) **Presentation, Discussion and Possible Approval of the Housing Tax Credit Program 2007 Policy for Awarding Housing Tax Credit Commitments out of the 2008 Credit Ceiling to Rural Rescue Developments**

Motion made by Mayor Salinas to approve staff recommendation for item n; seconded by Mr. Flores; passed unanimously.

EXECUTIVE SESSION *(Executive Session not held)*

1. 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.
2. 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.
3. Consultation with Attorney Pursuant to §551.071, Texas Government Code:
   a. With Respect to pending litigation styled *TP Seniors II, Ltd. v. TDHCA* Filed in State Court in Travis County, Texas
   b. With Respect to pending litigation styled *Gary Traylor, et al. v. TDHCA*, Filed in Stat Court in Travis County, Texas
   c. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
   d. With Respect to pending litigation styled *Ballard v. TDHCA* and the State of Texas Filed in Federal Court
   e. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 4:11 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

LEGAL SERVICES DIVISION
BOARD ACTION REQUEST
December 14, 2006

Action Item

Approval of the law firm of Holland & Knight, LLP as Outside Tax Credit Counsel for the Department in response to a Request For Proposals.

Requested Action

The staff recommends acceptance of the response to the Tax Credit Counsel RFP of the law firm of Holland & Knight, LLP as the Department's outside counsel for interpretation of issues related to the tax code on the low income housing tax credit program.

Background and Recommendations

Because of the specialized nature of the tax code involving the low income housing tax credit program, the Department generally retains outside counsel to assist with this function. The Office of the Attorney General has approved the use of outside counsel for this function. The Department issued a Request for Proposals (RFP) on July 28, 2006. As of the closing date of August 23, 2006, the Department had not received any proposals. The Department again issued an RFP for outside counsel on October 6, 2006. During the period between the RFPs, the partner in charge of our account at our previous outside counsel, Mr. Anthony Freedman of Hawkins, Delafield & Wood changed firms. Upon his arrival at his new firm, Holland and Knight, Mr. Freedman and Holland & Knight responded to the RFP. Their response was the only response received by the deadline.

The firm appears to be well-qualified with more than 1,150 attorneys. The partner in charge of this account for Holland and Knight will be Anthony Freedman with whom the Department has an established relationship. The resumes of the principals expected to work on our account are attached.

The fee structure will need final approval from the Office of the Attorney General, but the fees proposed are discounted at 20% of the firm's current fees schedule for the appropriate staff. The Attorney General will need to approve any contract and fee structure as required by state law.

Staff Recommendation: **Staff recommends approval of Holland & Knight LLP as outside tax credit counsel, subject to review by the Office of the Attorney General.**

Attachment A: Resumes of Key Personnel

Anthony S. Freedman - *Partner* - Preparatory Education - City College of New York (B.S. 1965); Legal Education - Stanford Law School (L.L.B. 1968). Mr. Freedman joined the firm as a partner on October 3, 2006 continuing a long career in housing finance and federal housing programs. His practice consists of transactional, financial, policy and regulatory matters involving housing. His areas of expertise include federal, state and local housing assistance programs, low-income housing tax credits, public housing privatization, tax-exempt finance, mortgage finance, military housing and limited partnership law. He served as Deputy Assistant Secretary for Housing Policy and Budget at HUD from 1978 to 1981 and was previously employed as Deputy Director for Legislation at the U.S. Environmental Protection Agency. Mr. Freedman served as counsel to the National Housing ("Rouse/Maxwell") Task Force and served as counsel at Hawkins Delafield & Wood. He has written a number of articles, and conducted numerous seminars, on such topics as national housing policy, low income housing tax credits and the effect of tax reform on housing. Mr. Freedman is a member of the bars of the State of New York and the District of Columbia and is a member of the American Bar Association, the National Association of Bond Lawyers, the National Association of Housing and Rehabilitation Officials, the National Housing Conference, the National Low Income Housing Coalition and the Urban Land Institute.

Florence A. Wood - *Partner* - Preparatory Education - Boston University (B.A. 1969); Legal Education - Boston College of Law School (J.D. 1969). Ms. Wood joined Holland & Knight as a partner on October 2, 2006. Previously, Ms. Wood was a partner at Hawkins Delafield & Wood. Ms. Wood specializes in tax exempt housing bonds, multifamily housing finance, HUD programs, Fannie Mae credit enhancement programs and low income housing tax credits. Ms. Wood also has an extensive background in secondary mortgage markets, mortgage backed securities and debt financing, having worked in the office of the general counsel of Fannie Mae for ten years. Ms. Wood was also previously employed as an attorney advisor at HUD. Ms. Wood is a member of the NABL and the District of Columbia and Massachusetts Bars.

Jill Chessen Cork – *Senior Counsel* - Northwestern University - B.S. 1989; Legal Education - University of Pennsylvania Law School - J.D. 1992. Ms. Chessen Cork joined the firm as Senior Counsel On October 2, 2006; she was previously employed as an associate in the housing and real estate group at Powell, Goldstein, Frazer & Murphy beginning in September 1994 and served as counsel to Hawkins Delafield & Wood. Her practice includes federally-assisted housing and community development programs such as HUD programs, tax-exempt financing and the low-income housing tax credit, and she has closed hundreds of transactions in the tax credit area. She is a member of the bars of the States of Pennsylvania and California, and the District of Columbia, the American Bar Association and the National Association of Bond Lawyers.

In addition, the following attorneys from Holland & Knight's Boston office may be called upon to assist on specific matters:

William F. Machen – *Partner* – Wesleyan University, 1966; University of Michigan Law School, 1969. Mr. Machen practices tax and business planning with an emphasis on real estate development and syndication, joint ventures, and mergers and acquisitions. He has a wealth of experience in real estate syndication and affordable housing matters and partnership and real estate taxation. He has represented syndicators, investors, and developers for more than 25 years in numerous real estate transactions and joint ventures, including both subsidized and conventionally financed housing. Mr. Machen is a member of the Massachusetts Bar Association and the Tax, Business Law, and Real Estate Sections of the American Bar Association. He also serves on the board of directors of the National Housing and Rehabilitation Association and the Affordable Housing Tax Credit Coalition.

James E. McDermott – *Partner, Practice Group Leader, Syndication Practice* – Boston College, 1977; Boston College Law School, 1980. Mr. McDermott concentrates his practice in tax and business transactions with an emphasis on the equity financing of affordable housing projects eligible for the Low-Income Housing Tax Credit, and projects of all types eligible for the Historic Rehabilitation Tax Credit. He has represented numerous investors, developers, and syndicators for 25 years in these matters and has personally worked on over 1,000 Low-Income Housing Tax Credit transactions since 1986. Mr. McDermott is a member of the Boston, Massachusetts, and American Bar Associations; the ABA Forum for Affordable Housing and Community Development; the National Housing and Rehabilitation Association; the National Multi-Housing Council; and the Housing Advisory Group.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government 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 code identifies certain changes as material alterations and the requests presented below include material alterations.

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. 03159, Summit Senior Village of Gainesville

Summary of Request: The owner requests approval for changes in the amenities of the original development proposal. The changes consist of replacing the controlled access gate and the ceramic tile floors in the entries, kitchens and bathrooms. The reason for replacing the gate with another amenity is to facilitate access by emergency vehicles. The reason for replacing the ceramic tile floors is to address concerns about slips and falls. The development was built for elderly tenants.

As substitutes for the gate, a computer with internet access and a printer would be installed for the tenants' exclusive use and a community garden with a horseshoe pit would also be built. As substitute for the tile, a storage room for each unit and twenty-five year architectural shingles would be installed. The first set of substitutions would maintain an equivalent standing for the development before and after the changes with regard to Threshold requirements. The second set of substitutions would maintain equivalency before and after the changes with respect to scoring.

Two new Threshold amenities would be included in the development while only part of the amenity that was originally promised will be eliminated. Whereas the original amenity was a "full perimeter fence with controlled gate access," only the gate will not be built. The full perimeter fence would remain a part of the development.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification that is considered significant by the board.
Owner:	MAEDC Gainesville Seniors, LP
General Partner:	Spectrum Housing (replaced original GP)
Developers:	Limited partner replaced original developer

Principals/Interested Parties:	Maple Avenue Economic Development Corp.
Syndicator:	MMA Financial
Construction Lender:	Washington Mutual Bank, FA
Permanent Lender:	Washington Mutual Bank, FA
Other Funding:	NA
City/County:	Gainesville/Cook
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	68 HTC units and 8 market rate units
2003 Allocation:	$476,268
Allocation per HTC Unit:	$7,004
Prior Board Actions:	7/03 – Approved award of tax credits
Underwriting Reevaluation:	No change in the award is recommended.
Staff Recommendation:	**Staff recommends approving the request. The changes 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. 04026, Oak Timbers – White Settlement II</u>

<u>Summary of Request</u>: The owner requests approval to install ovens with front-mounted controls for units with self-cleaning ovens as originally proposed. The owner installed front-control range/ovens in all units but only the units for tenants with special needs were equipped with self-cleaning ovens. The change was made because the builder and architect suggested that the front controls were more important to the elderly tenants than the self-cleaning feature and because including both the front-mounted controls and the self-cleaning feature for all units was too costly.

The owner also requests approval to substitute carports for each unit, free of charge to the tenants, in place of the forty garages that were proposed in the application but not built. As originally proposed, the development was to have had 72 carports and 40 garages. As built, the development will have 114 carports, 42 more than proposed. The change was made because building code restrictions would not allow the construction of garages in this elderly development.

Although the self-cleaning ovens of the first substitution above were worth one point and the front-mounted controls were worth no points, the owner did not claim the two points that were available for providing covered parking for all units. The owner therefore would have more points than needed to support his request.

The sufficiency of the amenities built, compared to the amenities proposed, appears to be adequate. The owner not only provided the amenities discussed above, but others that were not originally proposed. Thirteen SEER air conditioning systems were installed instead of 12 SEER as originally proposed. As a somewhat unusual special feature, a piano, although not proposed, was part of the furnishings of the community center as well as a (more typical) big screen television with DVD/VCR player.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan and any other modification that is considered significant by the board.
Owner:	Oak Timbers – White Settlement II, LP
General Partner:	Oak Timbers (Nonprofit, Managing GP); A.V. Mitchell (Co-GP); RMF Contractors, Inc. (HUB, Co-GP)
Developers:	Southwest Sendero (A.V. Mitchell)
Principals/Interested Parties:	Lynda Pittman (Oak Timbers); Vaughan Mitchell; Rachel Finley (RMF Contractors, Inc.)
Syndicator:	Simpson Housing Solutions
Construction Lender:	Stearns Bank
Permanent Lender:	NorthMarque Capital; Federal Home Loan Bank
Other Funding:	NA
City/County:	White Settlement/Tarrant
Set-Aside:	Nonprofit
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	80 HTC units and 20 market rate units
2004 Allocation:	$408,605
Allocation per HTC Unit:	$5,108
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	No adjustment to the credit amount is warranted.
Staff Recommendation:	**Staff recommends approving the request. The changes would not have adversely affected the selection of the application in the application round.**

HTC No. 04101, Pleasant Hill

Summary of Request: The owner requests the Board's acknowledgement and acceptance of the fact that the bathroom count for the development's 20 three bedroom units is one and a half bathrooms instead of two as stated in the underwriting report. The owner stated that the application reported two bathrooms in the three bedroom units instead of one and a half that were actually present because of the format of the Department's Pre-Application. The Pre-Application template allowed only options for three bedroom units with either one bathroom or two bathrooms. The owner rounded up to two bathrooms. The owner carried the same reporting forward from the Pre-Application into the Application. The unit plans for three bedroom units in the application support the owner's statements. The plans have only one bathroom labeled. In the plans, the space for the half bathroom is apparent but not labeled (only walls and doorway are drawn).

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the architectural design and any other modification that is considered significant by the board.
Owner:	Pleasant Hill Preservation, L.P.
General Partner:	AIMCO Pleasant Hill, LLC
Developers:	AIMCO Equity Services, Inc.
Principals/Interested Parties:	AIMCO Capital, owner of Managing GP and developer
Syndicator:	AIMCO Corporate Tax Credit Fund IV, LLC
Construction Lender:	AIMCO Properties, L.P.
Permanent Lender:	Morgan Stanley Mortgage Capital, Inc.
Other Funding:	NA
City/County:	Austin/Travis
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	100 HTC units
2004 Allocation:	$484,888
Allocation per HTC Unit:	$4,849
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	No change in the credit amount is warranted.
Staff Recommendation:	**Staff recommends accepting the clarification and acknowledgement. The changes would not have adversely affected the selection of the application in the application round.**

HTC No. 04108, Tamarac Pines

Summary of Request: The owner seeks approval for several differences between the development as proposed and as built. The owner requests approval to use “Packaged Terminal Air Conditioning” (PTAC) systems that have “EER” efficiency ratings instead of the “SEER” ratings of the split-system units that are typically used for tax credit developments. Section 50.9(f)(4)(G)(ii) of the 2004 QAP requires that “newly installed” HVAC systems must be energy star systems or have a SEER rating of at least twelve. Applicant stated that the system installed would have an EER rating of 11.5, and that this rating would be comparable to an SEER rating of over twelve. There is support for the applicant’s statement in the engineer’s comparison of EER and SEER that was provided in association with an amendment request of the Villas del Sol, HTC No. 04036, that was approved by the Board on January 18, 2006.

The owner’s current request is consistent with the application.

The loss of three points for 12 SEER HVAC systems would not affect the final score of the application because the applicant had more points available for use in the subject scoring item than the maximum number of points that were allowable for the Threshold item.

The owner requests acceptance of the fact that a central boiler system will be present in the development and not individual water heaters as were represented by mistake in the “Specifications and Amenities” section of the application. The correct information, that common boilers would be used (and the estimated cost of replacing or servicing them), was included in the work write-up. The work write-up was the document given reliance in the Department’s cost estimates.

The owner requests acceptance of the equipment and services being provided as the “monitored unit security” that was represented in the application. The owner stated that the secured entry system of each building, and emergency buttons monitored by the local fire department in each unit, were the basis for representing monitored security. No points or Threshold items are relevant concerning the security.

The owner requests acceptance of the fact that the “Game/Recreation Room” that was represented in the application was not a separate room but that the community room has a pull-out divider that allows the space to be separated into two parts. The application could have received two points associated with this item but the points were not requested.

As a measure to limit criminal activity, the owner requests approval to forego the presence of the public telephone that was represented in the application. The telephone was represented in the Specifications and Amenities exhibit of the application but not in the scoring section. The owner has volunteered to substitute a gazebo for the telephone. Points are not an issue in this substitution because neither item was selected for scoring. Please note that the dwelling units are or will be equipped with emergency pull cords or call buttons, a feature that decreases the utility of having a public telephone.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification that is considered significant by the board.
Owner:	Tamarac Pines Preservation, L.P.
General Partner:	AIMCO Tamarac Pines, LLC (Managing GP)
Developers:	AIMCO Equity Services, Inc.
Principals/Interested Parties:	AIMCO Capital, Owner of MGP and Developer
Syndicator:	AIMCO Corporate Tax Credit Fund IV, LLC
Construction Lender:	GMAC Commercial Mortgage Bank
Permanent Lender:	GMAC Commercial Mortgage Bank
Other Funding:	NA
City/County:	The Woodlands/Montgomery
Set-Aside:	At-Risk
Type of Area:	Exurban

Type of Development:	Rehabilitation
Population Served:	Elderly Population
Units:	300 HTC units
2004 Allocation:	$868,435
Allocation per HTC Unit:	$2,895
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	There is no objection to the changes proposed and no change in the amount of the award of tax credits is recommended.
Staff Recommendation:	**Staff recommends approving the request. The changes would not have adversely affected the selection of the application in the application round.**

<u>HTC No. 04167, Oxford Place</u>

<u>Summary of Request</u>: The owner requests approval to correct a mistake in the application. The development was built in material conformity with the plans submitted in the application. The application indicated that the development would have 112 two bedroom units with 24 of the units having 1.5 bathrooms and the remaining units having one bathroom. The building plans supported this representation. Contradicting the plans the rent schedule in the application indicated that all two bedroom units would have two bathrooms. The Department's cost estimate agreed with the rent schedule instead of the plans and reflected costs for two bedroom/two bathroom units. The Department's estimate of costs was consistent with the applicant's estimate and the applicant's estimate was used to calculate the amount of the tax credits recommended.

In view of the facts above, the owner requests that the Board accept the development as built in satisfaction of the owner's representations in the application.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including any modification that is considered significant by the board.
Owner:	Oxford Community, L.P.
General Partner:	Oxford Community GP, LLC
Developers:	APV Redevelopment Corporation
Principals/Interested Parties:	Houston Housing Authority
Syndicator:	MMA Financial
Construction Lender:	Victory Street Public Facility Corporation (HACH)
Permanent Lender:	Victory Street Public Facility Corporation (HACH)
Other Funding:	Capital Grant Funds
City/County:	Houston/Harris
Set-Aside:	At-Risk, Nonprofit
Type of Area:	Urban
Type of Development:	New Construction (with demolition of original units)
Population Served:	General Population
Units:	200 HTC units and 50 market rate units
2004 Allocation:	$1,302,517 (includes Rita increase)
Allocation per HTC Unit:	$6,513
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	REA stated no objection to the changes. No change in the amount of the credits awarded is recommended.
Staff Recommendation:	**Staff recommends approving the request. Scoring the application in conformity with the plans would not have adversely affected the selection of the application in the application round.**

HTC No. 05207, Parker Lane Seniors

Summary of Request: The owner requests approval to make several changes. Originally, three one-story and two three-story residential buildings were to have been scattered over the site. The site is divided into two sections by a large drainage ditch that was proposed to have been bridged for vehicles and pedestrians so that the whole site would be accessible. The City of Austin found the bridge unacceptable. The amended plans propose one four-story building that will contain all units in addition to the community room. The amended site and building plans for this elderly development improved the access of all tenants to the community center by providing enclosed, air-conditioned hallways. Scoring would not be affected by these changes.

The unit mix is proposed to change from 50 one bedroom units and 20 two bedroom units to 52 one bedroom units and 18 two bedroom units. This change was required by the irregular shape of the final building plan, which required some of the bedrooms to be reconfigured. The change would not affect the application's score.

The construction of the development is proposed to change from structurally insulated panels (SIPs) to traditional structural components. This change is necessary because research indicated that SIPs could not be utilized to construct buildings over two stories in height. Although the SIPs were a scoring item, the insulation planned in the new construction proposal would have scored the same number of points.

The parking for the development is proposed to change to all open parking spaces instead of including 62 covered spaces and eight garages that were proposed in the application. As a substitute for the covered parking spaces and garages, the applicant proposes to install a swimming pool. In addition, a van is to be owned and operated by the development for the tenants' transportation. The substitutions are proposed because the covered parking would have to be located between the building and the street. The location would be undesirably visible, diminishing the development's street appeal. Although the parking scored two points in the application, the applicant only requested one point for the development's masonry exterior, instead of the three points that could have been requested. After all changes, the score of the application is not affected.

The new proposal calls for 10% stone and 90% stucco instead of 30% stone and 70% stucco; split system heat and air conditioning instead of heat pumps; 30-year architectural shingles instead of metal roofs; and an exercise room instead of community garden/walk trail. The changes were made primarily to reduce costs. Although the exercise room was chosen for points in the application, the community garden/walking trail was checked by mistake in the "Specifications and Amenities" exhibit instead of the exercise room.

Governing Law:	§2306.6712, Texas Government Code. A significant modification of the site plan 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 an amendment request.
Owner:	Parker Lane Seniors Apartments, L.P.
General Partner:	SHFC Parker 70 General Partner, LLC (Managing GP); Parker Lane Developers, LLC (Developer)
Developers:	Parker Lane Developers, LLC
Principals/Interested Parties:	Strategic Housing Finance Corporation; Sally Gaskin; Lily Kavthekar
Syndicator:	Boston Capital Partners
Construction Lender:	Boston Capital Partners
Permanent Lender:	Boston Capital Partners
Other Funding:	Austin Housing Finance Corporation
City/County:	Austin/Travis
Set-Aside:	None

Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	68 HTC units and 2 market rate units
2005 & 2008 Allocations:	$714,181
Allocation per HTC Unit:	$10,503
Prior Board Actions:	7/05 - Approved award of tax credits.
Underwriting Reevaluation:	To be determined.
Staff Recommendation:	**Staff recommends approving the request. The requested modifications 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. 060027, Parkway Ranch

Summary of Request: The owner requests approval to change the size of the site from 25.7 acres to 26.9 acres. The additional 1.2 acres is necessary because of engineering determinations about storm water detention. As noted in the Department's underwriting report, the 1.2 acres and the 25.7 acres are both part of a 44 acre tract. The larger tract was documented to have been under contract in both the Pre-Application and the Application. Neither Threshold nor scoring would be affected by the proposed change.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan.
Owner:	Parkway Ranch, Ltd.
General Partner:	HKM Parkway, LLC
Developers:	HKM/Parkway Development, Ltd.
Principals/Interested Parties:	John Hettig, Barry Kahn, Isaac Matthews (own GP and developer
Syndicator:	Hudson Housing Capital, LLC
Construction Lender:	iCap Realty Advisors of Texas
Permanent Lender:	iCap Realty Advisors of Texas
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction – single family residences
Population Served:	General Population
Units:	107 HTC units and 5 market rate units
2006 Allocation:	$1,200,000
Allocation per HTC Unit:	$11,215
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	No change in the amount of the award is recommended.
Staff Recommendation:	**Staff recommends approving the request. The changes 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. 060128, Jacksonville Pines

Summary of Request: The owner requests approval to change the design of the stairwells and interior hallways from an enclosed stairwell design to an open design with breezeways. The original design had parking and/or sidewalks on both sides of each building. The steep topography would make if difficult to adhere to accessibility requirements thus the breezeway is a better design. There will be no significant change in the sizes of the common areas and rentable areas.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan, architectural design and any other modification that is considered significant by the board.
Owner:	Jacksonville Pines Apartments, LP
General Partner:	Jacksonville Pines Housing, LLC
Developers:	Zimmerman Properties, LLC
Principals/Interested Parties:	Vaughn, Rebecca, Justin and Leah Zimmerman; Kelly Holden (O'Brien Companies, LLC)
Syndicator:	CharterMac Capital
Construction Lender:	Great Southern Bank
Permanent Lender:	CharterMac Captial
Other Funding:	East Texas Housing Finance Corporation
City/County:	Jacksonville/Cherokee
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Intergenerational
Units:	68 HTC units
2006 Allocation:	$551,924
Allocation per HTC Unit:	$8,117
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	There would be no effect on the credits recommended.
Staff Recommendation:	**Staff recommends approving the request. The changes 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. 060149, Women's Shelter of East Texas</u>

<u>Summary of Request</u>: The request is to change the general partner of the development from Women's Shelter of East Texas to Pineywoods HOME Team Affordable Housing, Inc. The two organizations have no board members or executives in common. The remaining members of the ownership organization would remain the same as originally proposed in the application. The change is requested because the original general partner was reluctant to undertake a position as guarantor of the debt financing on the development and withdrew when its application for a grant to support the debt service was not approved.

The applicant has stated that the development would continue to have the same purpose and supportive services as originally proposed. Furthermore, the original general partner is still proposed to manage and operate the development and to be affiliated with the new general partner via a memorandum of understanding. In a letter to the Department describing the proposed operation of the development, counsel for the new general partner stated: "They [Women's Shelter of East Texas, Inc.] will be the beneficial owner of the project even though they will not have legal title." While typically transfers are not presented to the Board, this situation is unique because it requires a waiver of the rule against transfers prior to the issuance of Forms 8609. The rule is stated below.

<u>Relevant Rules</u>: §50.17(e) of the 2006 Qualified Allocation Plan and Rules sets forth certain rules for transferring the ownership of housing tax credit developments, including the following language:

> (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….
>
> (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.).

Owner:	Pineywoods Lufkin Home Team Ltd.
Special Limited Partner:	Pineywoods CDFI
Developers:	Pineywoods HOME Team Affordable Housing, Inc. (co-developer); Pineywoods CDFI (co-developer)
Syndicator:	NEF, Inc.
Construction Lender:	Pineywoods Housing Finance Corporation
Permanent Lender:	Lancaster Pollard
City/County:	Lufkin/Angelina
Set-Aside:	Nonprofit
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	26 HTC units
2006 Allocation:	$351,954
Allocation per HTC Unit:	$13,537
Prior Board Actions:	5/06 – Approved amendment to number of units for the development to qualify as a Hurricane Rita Application. 6/06 – Approved award of tax credits as a Hurricane Rita Application
Underwriting Reevaluation:	The development would remain financially feasible and viable after the transfer. No change in the amount of the award of tax credits is recommended.

Staff Recommendation: **Staff recommends approving the request with the requirement that the new and original general partners complete a contractual agreement to assure the original general partner's (Women's Shelter of East Texas, Inc.) standing as the operator and manager of the development after its construction. The request has not established a hardship. Therefore, the Board's approval would effectively waive the requirement of §50.17(e)(1) prohibiting transfers prior to the issuance of Forms 8609.**

HTC No. 03159

Leslie Holleman & Associates, Inc.
Residential Real Estate Development & Consulting

RECEIVED
OCT 24 2006
LIHTC

October 23, 2006

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

Re: Request for Amendment to LIHTC #03159, Summit Senior Village of Gainesville

Dear Ben:

On behalf of the Project Partnership, MAEDC Gainesville Seniors, L.P., I am writing to request the Department's consideration of the following application amendment:

THRESHOLD CRITERIA

Substitute computer facilities and recreation facilities in lieu of full perimeter fencing with controlled gate access

Under the Threshold Criteria, Tab 3A of the HTC Application. Developments with more than 36 units must provide at least four of the amenities from a prescribed list. Due to concerns regarding emergency vehicle access to the property, please note that the Project Owner will retain the perimeter fence feature and is requesting deletion of the controlled gate access only. The Project Owner proposes to add the two amenities detailed below in lieu of the controlled access gate feature. This would result in selection of five amenities from the list provided at application and is intended to provide a more equivalent substitution.

- Computer facilities consisting of a computer with internet access and a printer, located in the community building and dedicated for tenant use during normal operating hours;
- Recreation facilities consisting of a Community Garden and a Horseshoe / Games pit

SELECTION CRITERIA

Substitute storage room or closet for ceramic tile floors in entry, kitchen and bathrooms (1 point)
Substitute Twenty-five year architectural shingle roofing for ceramic tile floors in entry, kitchen and bathrooms (1 point)

Under the Selection Criteria, Provision of Unit Amenities Tab 4C, the Project Owner committed to a number of amenities totaling 10 points. The Project Owner requests deletion of the item *"Ceramic tile floors in entry, kitchen and bathrooms – 2 points"* and proposes to add the *items "Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closet – 1 point"* and *"Twenty five year architectural shingle roofing – 1 point.."*

4640 FM 3021
Brownwood, Texas 76801
e-mail: leslieholleman@aol.com

325.784.9797 ph
325.784.9777 fax
806.570.7154 cell

HTC No. 03159

Mr. Ben Sheppard
TDHCA Multifamily Housing Finance
October 23, 2006

We offer the following explanations for the request:

- The requested substitutions would maintain the scoring under this section.
- The remaining items on the unit amenity list are not appropriate or achievable at this time.
- Although not included in the amenity list in the 2003 Program Year, the units do have nine-foot ceilings as well as refrigerators with icemakers, which have been listed as potential unit amenity selections in following years.
- There is some concern regarding elderly tenants slipping on ceramic tile floors. Currently all non-carpeted surfaces in the units are covered in vinyl composition tile.

Enclosed for your information are the relevant application pages relating to the application and the current request.

The Summit Senior Village has completed it's initial lease-up and is currently 100% occupied. The Project Owner is in the process of preparing the Cost Certification package for submission to TDHCA. The requested amendments are in response to deficiencies noted by the Portfolio Management and Compliance Division as part of the Final Construction Inspection

Enclosed is a check in the amount of $2,500.00 for the required amendment fee. We respectfully request approval of the amendments as requested. If you have questions or need additional information please contact me at (325) 784-9797

Sincerely,

MAEDC GAINESVILLE SENIORS, L.P.

LHolleman

Leslie Holleman
Consultant to the Partnership

cc: Jack Hodgkins – MMA Financial
Michael Clark – UAH Property Management
Gavin Reid – TDHCA Portfolio Management and Compliance Division

enclosures

HTC No. 04026

Rcvd 11/6

October 30, 2006

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

RE: FORMAL REQUEST FOR APPLICATION AMENDMENT
Oak Timbers-White Settlement II – TDHCA #04026

Dear Mr. Sheppard:

This letter is a formal application amendment request from Oak Timbers-White Settlement II, L.P. (TDHCA #04026) regarding our Oak Timbers-White Settlement II property. TDHCA performed the Final Inspection for this property and recommended two items for Board review (self-cleaning ovens and garages).

An outline of the issues raised and our explanation/solutions for these items follow below:

Item #1: Self Cleaning Ovens

Issue: Self-cleaning ovens were committed at the time of application and points were received. Self-cleaning ovens were not provided in all units – and we are requesting a formal amendment concerning this item.

Response/Corrective Action: Regarding self cleaning ovens, after the application was submitted and during the time of construction we decided not to include them in all units (worth one point in the application). This decision was made after our builder and architect suggested that front-controlled ovens were easier for seniors to operate than traditional self-cleaning ovens, and while front-controlled ovens are available in self-cleaning models (these types of ovens were actually purchased for the handicap units) their cost made them infeasible for all units property-wide.

Even with the loss of one point for self-cleaning ovens, we feel that we have enough amenities under this section to maintain our points. These amenities include: covered entries (one point); ceiling fixtures in every room (one point); laundry connections (one point); refrigerators with ice makers (one point); thirty year architectural shingles (one point); covered parking (two points); 100% masonry (three points); Energy Star kitchen appliances (two points); and 13 SEER HVAC

(three points). Please note, the maximum SEER HVAC classification required for this section to receive points in 12. New energy codes required us to use an HVAC system with an even higher rating (13 instead of 12) than the one we were awarded points for. Therefore, we contend that this is an additional amenity as it exceeds what was noted in the application.

We also have several other amenities on the property that were not included in the application – including a piano in the community center that has been used for church services; a large screen television (and a combination DVD/VCR player) that residents have used for "movie night" and to play videos for an exercise class; activity tables; and enough chairs to accommodate every resident.

Furthermore, our covered entries are large enough (and do) accommodate our residents' small patio tables, benches, chairs, planters, etc. They are used not only for entry, but are big enough for our residents to use as leisure spaces as well (about 6 ½ by 5 feet). We feel that these areas constitute a small covered porch but did not claim this item as we were not sure what TDHCA defined as a covered porch. (Please note, our covered entries are not separate from our covered porch and we have not received documentation stating that the two cannot be combined. If there is documentation stating this and the two must be completely separate, then we will not claim the porches as a scoring item).

Without the self-cleaning ovens (and without the potential points from the porches above) we have still achieved 15 points under this section (of the 12 maximum) under this scoring section. If the porches are allowed, then this total rises to 16.

Item #2 : Carports/Garages

Issue: At the time of application, 40 garages were planned for this development.

Response/Corrective Action: At the time of application, 40 garages were planned for this development. Per local restrictions by the City of White Settlement, we were required to eliminate the 40 garages for this property and only install carports. There are a total of 114 carports on the property – including 17 spaces for handicap loading and unloading. These carports are available to all residents at no charge. Additionally, there are 212 total parking spaces available. Please see also the August 29, 2006 letter from Jeff Heffelfinger, the Project Architect for Oak Timbers-White Settlement II - labeled as "Architect Memo."

As stated under Item #1, we offered several other amenities to residents – piano in the community center; a large screen television (and a combination DVD/VCR player) for "movie night" and to play videos for an exercise class; activity tables; chairs, etc. We feel that the combination of a free covered parking space for every resident combined with the additional amenities offered on the property compensate for the loss of the garages.

Based on the information above, we submit these items to the Board for review. We are requesting an amendment so that these issues may be resolved. We appreciate all of the time and effort the Department and Board have spent assisting us with these matters.

Please contact us if you have any additional questions or need more information.

Thanks!

Vaughan Mitchell
Co-General Partner / Manager
Oak Timbers-White Settlement II

855 Texas Street, Suite 105 / Fort Worth, Texas 76102 / Phone: 817-810-9337/ Fax: 817-810-9239

HTC No. 04101

AIMCO Capital

October 13, 2006

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

RECEIVED
OCT 23 REC'D
Multifamily Finance

Subject: Pleasant Hill Apartments
TDHCA Number 04101
Application Amendment

Dear Mr. Sheppard:

In connection with a recent property inspection report received from Kimbal Thompson of TDHCA (Exhibit A), we were requested by Mr. Thompson to submit a request for a change approval on the following item:

> Pleasant Hill Apartments is a 100-unit family development in Austin, which was originally constructed with HUD-insured financing in 1979. The property has been restricted for affordable use since its inception. An allocation of 2004 low-income housing tax credits from TDHCA enabled the acquisition and renovation of the property, and committed the property to a new affordability term of 40 years. The property unit mix includes 20 three-bedroom, one and one half bathroom units. In the subject's tax credit application to TDHCA, such units were represented as having "two bathrooms", rather than as "one and one-half bathrooms". The reason the number of bathrooms was represented as such in the Application, was to be consistent with TDHCA's Pre-Application development information form (see Exhibit B) that contained pre-subscribed unit types with corresponding pre-subscribed bathroom sizes as either "one" or "two." These pre-subscribed unit sizes in the Pre-Application caused us to believe that TDHCA's manner was to round the bathrooms to a whole number. In the case of the subject's 3 bedroom, 1 ½ bathroom units we believed it more appropriate to provide the number of units in the pre-subscribed "3 Bed/2 Bath" matrix.
>
> Despite our misunderstanding described above, we hereby request TDHCA to approve a change in our application to reflect what was represented as twenty 3 bedroom/2 bathroom units to twenty 3 bedroom/ 1.5 bathrooms. As a means to communicate the well meant intentions of our redevelopment efforts, please allow us to inform you of the following rehabilitation highlights of the subject property that are now contributing to vastly improved living conditions for the property's residents:
>
> > Hard rehabilitation costs of approximately $35,000 per unit, which is $29,000 above the then State-prescribed minimum of $6,000.

HTC No. 04101

Installation of Central Air Conditioning System with a 13 SEER rating, which is 1 SEER rating higher than the then State-prescribed minimum of 12 SEER.

Installation of Low-E, Energy Efficient, double-pane, tinted windows.

Installation of 25-year Asphalt Shingle Roof and R-19 toR-30 roof Insulation

Commitment of a maximum scoring three social service activities despite being the only Region 6 "preservation set-aside" applicant in the Pre-Application and Final Application round.

Thank you for considering this request for an Application Change. Enclosed is a check in the amount of $2,500 representing our Change Request Fee. We respectfully request your consideration to waive or refund this fee due to the nature of this unintentional misrepresentation.

Please feel free to call and discuss this request for an Application Amendment. We look forward to your response.

Sincerely,

Paul Patierno
Vice President

HTC No. 04108

AIMCO Capital

October 27, 2006

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

RECEIVED
OCT 3 1 2006
LIHTC

Subject: Tamarac Pines Apartments
TDHCA Number 04108
Application Amendment Request

Dear Mr. Sheppard:

In connection with a recent property inspection report received from Kimbal Thompson of TDHCA (**Exhibit A**), we were requested to submit a request for a change approval on the following item:

Background

Tamarac Pines Apartments is a 300-unit development for senior citizens located in The Woodlands. The property was originally constructed in two phases with HUD-insured financing in 1979 and 1980. The property has been restricted for affordable use by senior households since its inception. An allocation of 2004 low-income housing tax credits from TDHCA enabled the acquisition and renovation of the property, and committed the property to a new affordability term of 40 years.

Issue

TDHCA's property inspection report (**Exhibit A**) noted the subject's tax credit application reflects 12 SEER HVAC as a project amenity. It also noted that upon inspection, the amenity was "reported as being 10 SEER." Since inception, the property has utilized thru-wall Packaged Terminal Air Conditioning (PTAC) systems in all units. PTAC systems are commonly used on medium-rise apartments and hotels with a smaller square footage area than a typical garden style or townhouse style unit. The property is comprised of 42 Studio units (424 Sq Ft), 228 One-bedroom units (545 sq ft), and 30 Two-bedroom units (706 sq ft). Please be advised that the energy efficiency of a PTAC system is measured in a different manner than that of a ducted central air conditioning split system, which uses a Seasonal Energy Efficient Ratio (SEER) to measure efficiency. Rather, the energy efficiency of a PTAC system is measured by an Energy Efficient Ratio (EER) rating. Section 50.9(f)(g)(ii) of TDHCA's 2004 Qualified Allocation Plan requires that any "newly installed" HVAC system must contain a minimum 12 SEER Rating.

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The subject property is an "at-risk" development in a desirable community known as The Woodlands. As such, the cost to acquire the property was substantial. However, it was ownership's desire to acquire and preserve the development for continued long-term use by senior citizen households, rather than convert it to an alternate use. To abandon the thru-wall system and install a central-air system with a 12 SEER energy efficiency rating would have been financially infeasible and also prohibited ownership's ability to provide significant amenities and improvements encompassed under the scope of rehabilitation. Such scope included providing each unit with entirely new interiors that include new kitchen and bathroom cabinetry, new fixtures, new appliances, the installation of dishwashers, ceiling fans and other such upgrades to enhance the living conditions of the property's senior residents. With regard to the HVAC scope of work, ownership replaced the existing PTAC systems that were in need of immediate replacement (100 of the property's 300 units) with new GE Model AZ28E12D (**Exhibit B**). Such model was and still is the most energy efficient PTAC unit on the market and has an Air-Conditioning & Refrigeration Institute (ARI) rating of 11.5 EER. An ARI representative estimated the model's equivalent SEER rating to be 12.75 (see **Exhibit C**). The representative also estimated the existing in-place system to be a 10 SEER equivalent. The work scope on the existing systems that did not require immediate replacement included a full cleaning and servicing of the system and the installation of a condensate drain line to condensate moisture away from the siding. In addition to the work defined above, ductwork was installed on every unit system between the living room and bedroom to maximize the efficiency of the circulation of air (**Exhibit D**).

In addition to the work described above, ownership provided other energy efficient enhancements that included the installation of double-pane windows, the removal and replacement of wood siding with hardiplank to enable each building with a 100% masonry exterior, new door thresholds, and florescent lighting fixtures.

We request the Agency's consideration to approve the PTAC system provided and our continued use of such (or of higher efficiency) on future replacements.

<u>Scoring</u>

The subject's application reflects 12 SEER HVAC as a project amenity for scoring purposes. As described above, ownership intends to continue to replace each HVAC system, as needed, with the most energy efficient (12 SEER or higher equivalent) unit available. However, since all units were not initially replaced in the rehabilitation scope with a new system, ownership provided other unit and common amenities to attain an equal score in the amenities section of the application. The following reflects the amenity scoring, as applied for and as actually provided. We request the Agency's consideration to approve these changes:

HTC No. 04108

Amenity	Score Applied	Actual Score
Covered Entries	1	1
Ceiling Fixtures in all Rooms	1	1
Microwave in each Unit	-	1 *
Greater than 75% Masonry Exterior	1	-
100% Masonry Exterior	-	3
12 SEER HVAC or Evaporative Cooler	3	-
Energy Star Appliances	2	2
Total Score	**8**	**8**

Note: Rehabilitation Projects may double the score above to a maximum of 12 points

Please be advised that the items above did not change the financial scope of work or contemplated financing of the property.

Thank you for considering this request. In a separate change request concerning the subject property (see **Exhibit E**), we included a check in the amount of $2,500 representing our cumulative Change Request Fee related to TDHCA's final inspection.

Please feel free to call and discuss this request for an Application Amendment. We look forward to your response.

Sincerely,

Paul Patierno
Vice President

Encl.

* Microwaves were committed as a substitute feature for a previous amendment.

HTC No. 04108

AIMCO Capital

October 25, 2006

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

RECEIVED
NOV 06 2006
LIHTC

Subject: Tamarac Pines Apartments
TDHCA Number 04108
Application Amendment Request

Dear Mr. Sheppard:

In connection with a recent property inspection report received from Kimbal Thompson of TDHCA (**Exhibit A**), we were requested to submit a request for a change approval on the following items:

Background

Tamarac Pines Apartments is a 300-unit development for senior citizens located in The Woodlands. The property was originally constructed in two phases with HUD-insured financing in 1979 and 1980. The property has been restricted for affordable use by senior households since its inception. An allocation of 2004 low-income housing tax credits from TDHCA enabled the acquisition and renovation of the property, and committed the property to a new affordability term of 40 years.

TDHCA's property inspection report (**Exhibit A**) noted that the following "Certification" items (each of them non-scoring items) were included in the Application's Exhibit 3 Activity Overview page (**Exhibit B**), but were not observed at the property during TDHCA's final inspection:

Individual Water Heaters in Units
Monitored Unit Security
Game/Recreation Room
Public Telephone on Site

Individual Water Heaters – We inadvertently indicated in the Activity Overview that individual water heaters at the property. The property actually contains eight central boilers that very adequately serve the property. **Exhibit C** contains the scope of work performed from the construction contract that reflects the replacement of six of the boilers (with new energy efficient systems) and the servicing of the two remaining boilers. Please also be advised that the Utility Allowances included in the Application's rental rate determination properly did not reflect an allowance for individually metered water heaters. Therefore, the residents' rental rate determination is unaffected by this notation error (the opportunity for an increase in rental rates is not present). **Exhibit C** contains a copy of the rent schedule and utility allowance that were included in the application to evidence such.

We request the Agency's approval to change the project specifications (Activity Overview) to reflect central boilers rather than individual water heaters.

Monitored Unit Security – The Activity Overview in our Application included Monitored Unit Security as a project amenity. Please be advised that each of the property's buildings contain a secured entry system. Additionally, each unit contains a monitored emergency button that directly alerts the fire department when activated. The project pays a monthly fee for this service. Our representation of "Monitored Unit Security" applies to the emergency system described. **Exhibit D** contains photos of the systems in place and a copy of the property's general ledger that reflects the monitored service paid by the property.

We request the Agency's approval that the monitored emergency system represents the Monitored Unit Security indicated in the Activity Overview.

Game/Recreation Room – The Activity Overview in our Application reflects the property has a Game/Recreation Room. **Exhibit E** contains a photo of the properties community room. Please be advised that the community room contains a pullout room divider that enables the room to be utilized concurrent for multiple activities.

We request the Agency to accept the existing multi-purpose, dividable community room as the property's Game/Recreation Room.

Public Telephone - The Activity Overview reflects a public telephone at the property. Like the other items above, the Application did not claim points for this amenity. The property had a public telephone but it was removed due to lack of use by the residents and the use by younger generation, non-residents. We request the Agency's consideration to approve the removal of the public telephone from the property site. Please consider that ownership has provided the property and residents with other qualities and amenities that were not contemplated in the application such as the installation of a gazebo with a seating area. Also consider the scope of work provided entirely new unit interiors (cabinetry, appliances, vanities etc) and other improvements that have greatly enhanced the living conditions of the property's senior residents. **Exhibit F** contains a detailed scope of work from the construction contract that highlights certain of the other unit improvements.

Please be advised that the items above did not change the financial scope of work or contemplated financing of the property.

Thank you for considering this request. Enclosed is a check in the amount of $2,500 representing our Change Request Fee on these requests and request that is being separately submitted related to TDHCA's final inspection concerning HVAC.

Please feel free to call and discuss this request for an Application Amendment. We look forward to your response.

Sincerely,

Paul Patierno
Vice President

HTC No. 04167

COATS | ROSE

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

September 14, 2006

By E-Mail and By Federal Express
Ms. Jen Joyce, Interim Manager
Multifamily Finance Production Division
Texas Department of Housing
And Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

RE: Oxford Place Apartments, Houston, Texas (TDHCA # 04167-CMTS-4064);
Project Owner – Oxford Community, L.P.;
Request to Amend 2004 Housing Tax Credit Application.

Dear Jen:

In the course of the Mid-Development Inspection of Oxford Place Apartments (the "Project") conducted on May 18, 2006, the inspector noted that 112 units described as 2-bedroom/2-bath units in the most recent version of the Rent Schedule for the Project, were actually constructed as 2-bedroom/1-bath units. A copy of the Mid-Development Inspection Report and accompanying letter from Kimbal Thompson, Inspection Specialist dated July 12, 2006, are enclosed.

Upon closer review of the circumstances, it appears that the 112 units were characterized as having 2 baths in the Rent Schedule, but the Architectural Plans which were submitted in the Application clearly show that these units were designed with only one bathroom. Subsequently, as part of the deficiency process, the Architectural Plans were changed to provide for 88 2-bedroom/1-bath and 24 2-bedroom/1.5-bath units. The Architectural Plans were provided to the general contractor, and are the standard by which the Project, which has been under construction for more than one year, is being built.

We are submitting this request to amend the Application in order to resolve this internal conflict within the Application. A check payable to the TDHCA in the amount of $2,500.00 for the amendment fee is enclosed.

HTC No. 04167

On behalf of the Project Owner and the Houston Housing Authority, sponsor of the Project, we hereby request that the following unit mixture be approved by the TDHCA Board of Commissioners at its next meeting:

52	1-bedroom/1-bath units
88	2-bedroom/1-bath units
24	2-bedroom/1.5-bath units
86	3-bedroom/2-bath units
250	total units

In order to conform the written portion of the Application to the architectural drawings, we herewith enclose a revised Rent Schedule. For your convenience, we also enclose a copy of the revised Rent Schedule with the changed units highlighted. Review of the Application indicates that the Rent Schedule is the only TDHCA exhibit in which the number of bathrooms are erroneously represented.

No revisions to financial exhibits should be required because, due to the involvement of the Houston Housing Authority and the use of HUD Capital Fund financing, the general contractor was required to be procured under 24 C.F.R. part 85. The Project was bid out by the Houston Housing Authority as a fixed price contract, and therefore the number of bathrooms made no appreciable difference to the anticipated construction costs, since those costs were fixed by the bidding process.

The modification to the number of bathrooms provided for 2-bedroom units will not affect the scoring of the Project, since no 2004 Selection Criteria dealt with the number of bathrooms provided.

Thank you for your consideration of this amendment request. If you need any additional information in order to process this request, please do not hesitate to call.

Very truly yours,

Tamea A. Dula

Tamea A. Dula

Enclosures

cc: Ernie Etuk
Horace Allison
John R. Hohlt
Jay Patel

TDULA/849911.1/HACH/003420-000039

HTC No. 05207

PARKER LANE SENIORS APARTMENTS, L.P.
2200 E. Martin Luther King, Jr., Blvd.
Austin, Texas 78702
Ph: (512) 480-8245
Fax: (512) 480-8248

November 11, 2006

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

RE: Parker Lane Seniors Apartments, TDHCA #05207
Amendment to Application

Dear Mr. Sheppard:

Parker Lane Seniors Apartments, L.P. would like to amend its tax credit application. The number of units, and income targeting will not change. The requested amendments are as follows:

1. **Number of Buildings**:
   Per Application: 5 Residential buildings (3 single story, 2 three story)
   Per Amendment: 1 four story building
   Explanation: Revised site plan provides a more accommodating living environment for senior residents given the topography of the site, i.e. drainage ditch divides the site. The original site plan was designed with the understanding that the ditch could be bridged with box culverts for automobile traffic providing internal auto circulation within the site allowing residents in the single story units to walk or drive to the community center located on the other side of the ditch. Upon further discussion with the City, bridging the ditch was not an option. Without the internal drive access, residents located in the single story buildings would have to drive around the block to access the amenities. Due to the proximity to Hwy 71 and the large IRS employment center across the street on Woodward, traffic is substantial throughout the day.

   The single building, four story configuration allows all residents convenient access to the community center and a secure environment with entry to units via internal, conditioned corridors.

2. **Unit Mix:**
   Per Application: 50 one bedroom-one bath, and 20 two bedroom-two bath
   Per Amendment: 52 one bedroom-one bath, and 18 two bedroom-two bath
   Explanation: The building configuration required that 6 of the units are irregular in shape. Two of those units, which were designed as 2-2's with 1,288 sf, unfortunately had to be converted to one bedroom-study due to the irregular shape of the unit (pie shape, more narrow at the outside/window wall). While

there is ample square footage in the unit for a 2-2, the City of Austin requires that each bedroom have at least one window, which could not be accomplished with the shape of these two units.

3. **Unit Amenities and Quality**:
   Per Application: Energy Efficient Alternative Construction (structural insulated panels, or "SIPs") (3pts)
   Per Amendment: R-15 Walls/R-30 Ceilings (rating of wall system) (3pts)
   Explanation: After much research it was discovered that SIPs are not engineered to be structural in buildings over 2 stories.
   NOTE: this change also relates to an amendment in the Construction Type from Modular/Structurally Integrated Panels to Conventional with Wood Frame Wall Structure.

4. **Unit Amenities and Quality**:
   Per Application: Covered Parking of at least one space per Unit (2pts)
   Greater than 75% masonry on exterior… (1pt)
   Per Amendment: 100% masonry on exterior (3pts)
   Pool (3pts)
   Van for resident transportation owned and operated by Parker Lane Seniors, (-0- pts)
   Explanation: In order to achieve the maximum points for Unit Amenities, our 70 unit development only had to select amenities totaling 14 points. However, we selected amenities totaling 17 points. We are not asking in this amendment to eliminate the covered parking amenity for a two point reduction on the basis that the score would not be impacted. But, rather we are requesting approval to replace the amenity with another amenity of equal point value, plus the addition of a pool; a swap of amenities valued at 6 points replacing amenities valued at 3 points, plus a development owned van for group transportation. Two considerations drove the decision to eliminate covered parking:

   First, Parker Lane Seniors is located within the Urban Core of Austin with 4 convenient bus stops within approximately 150 yards of the front door. In addition, the development will own and operate a van for scheduled resident shopping and recreational activities. Group transportation owed and operated by the development is very popular with seniors (and their families) as the average age of similar senior developments is 73+ years.

   Secondly, the configuration and topography of the site dictates that the surface parking be located in front of the building. We believe that the carports would diminish the architectural/street appeal of the development as the front of the building would be a sea of carports. Also, because the development is located in the defined Urban Core of the City, it qualifies for a 20% reduction in required parking spaces, which, according to the City, is intended to encourage both higher density developments as well as public transportation. However, if a covered parking space is provided for every unit, the result is that very few spaces are remaining for public or visitor use.

5. **Specifications and Amenities:** The following 2 items relate to building specifications which have no points.
   Per Application: Exterior Material 30% Stone, 70% Stucco
   Per Amendment: 10 % Stone, 90% Stucco

Explanation: Cost

Per Application: HVAC Heat Pump
Per Amendment: HVAC Central Heat/AC
Explanation: The heat pump was a requirement of the Austin Green Building Program and SMART Housing. However, that requirement applies only to buildings of three stories or less. Cost is the primary consideration for this change.
***Please note that the additional cost of the Heat Pump was not considered in TDHCA's underwriting analysis.**

6. **Building Specifications:** The following item relates to building specifications which has no points, but the requested replacement has a 1 point value.
   Per Application: Metal Standing Seam Roof
   Per Amendment: 30 year architectural shingle
   Explanation: The cost of the metal standing seam roof is $200,000, as compared to $40,000 for a shingle roof with 30 year architectural shingles--roughly 5 times more expensive*. The metal standing seam roof is a choice in the building specifications and has no point value. The 30 year architectural shingle is one of the available choices under Unit Amenities and Quality and has a 1 point value. This item was not selected for points in the application.
   ***Please note that the additional cost of the metal standing seam roof was not considered in TDHCA's underwriting analysis.**

7. **Specifications:** The following item is a correction to the list of amenities identified on Part B. Specifications and Amenities.
   Per Application: Community Garden/Walk Trail
   Per Amendment: Exercise Room
   Explanation: Community Garden/Walk Trail was mistakenly checked in place of Exercise Room. The exercise room was correctly indicated in the points section of the application. No points were requested for Community Garden/Walk Trail.

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

Sincerely,
Parker Lane Seniors Apartments, L.P.
By: SHFC Parker 70 General Partner, L.L.C., its general partner

By: ______________________________
Keith Hoffpair, Vice President

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE
Suite 300
Austin, Texas 78701-4042

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October 20, 2006

RECEIVED
OCT 31 2006
LIHTC

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: **Amendment Request**
Parkway Ranch in Houston (the "**Project**")
TDHCA No. 060027

Dear Ben:

We represent Parkway Ranch, Ltd. ("**Owner**"). Owner respectfully requests permission to amend the site plan presented in its low-income housing tax credit application, as set forth below.

Amendment Request

Owner has been advised by its engineers that Harris County Flood Control requires the detention area for the Project to be moved from one part of the tract to another part of the tract. Consequently, the site plan must be reconfigured, and additional acreage is required for the development. Owner requests your approval for this change.

Detailed Description

In its tax credit pre-application, Owner identified that Hettig/Kahn Development Corp., an affiliate of Owner ("**Affiliate**"), had a contract to buy a 44.024 acre tract of land (the "**Larger Tract**") in Harris County and that the site would be reduced once the site plan was completed. Owner provided evidence that Affiliate had assigned the right to purchase 25.71 acres of the Larger Tract to Owner (the "**Proposed Site**") for the tax credit application. (See Exhibit A for a description of the Larger Tract and the assignment of the Proposed Site to Owner.)

When Owner developed the initial site plan for the Project, it was designed for the detention pond to be located in the northeast section of the Proposed Site, to outfall to the Harris County Flood Control ditch located to the east. After the tax credits were awarded and the commitment notice was returned to TDHCA, Owner began engineering work for the Proposed Site. Based on that work, the engineers received correspondence from Harris County Flood Control, advising that the detention pond would need to be located to provide drainage to a ditch located on the west side of the Proposed Site.

Relocation of the detention pond requires a reconfiguration of the site plan and the acquisition of 1.21 additional acres (the "**Additional Land**") for the Proposed Site. The Additional Land is part of the Larger Tract, which was described in Owner's tax credit application. Originally, Affiliate planned to sell the Additional Land to a local municipal utility district for an amount less than Affiliate's purchase price. Instead, Affiliate will sell the Additional Land to Owner for the same price the municipal utility district would have paid, which is $24,000. As revised, the site for the Project (the "**Revised Site**") will include 26.92 acres. For a legal description of the Revised Site, as well as a copy of the new site plan, see Exhibit B.

Impact of Amendment

The revision of the site plan and the inclusion of the Additional Land have minimal impact on Owner's tax credit application. The Project participants remain the same. The number of units, bedrooms, bathrooms, and square footages remain the same. The tenant income set-asides remain the same. The purchase price for the Additional Land is only $24,000, which can be accommodated by minor changes in other development budget line items. (See Exhibit C, containing a revised development cost schedule and a revised sources and uses.) The Revised Site is larger than the Proposed Site by less than 5% but is a part of the Larger Tract that was disclosed in the tax credit application. The need for the amendment was not reasonably anticipated by Owner, based upon the preliminary site plan work that had been performed at the time of tax credit application. For all these reasons, we believe approval of the amendment request is appropriate.

An amendment fee of $2,500 has been sent to your attention under separate cover. If this Amendment requires Board approval, please include it for consideration at the next Board meeting possible. If you need additional information, please let me know.

Sincerely,

Cynthia

Cynthia L. Bast

Exhibit A – Tax Credit Application: Larger Tract and Proposed Site
Exhibit B – Revised Site: Legal Description and Amended Site Plan
Exhibit C – Updated Development Cost Schedule and Sources and Uses

cc: Parkway Ranch, Ltd.

ZIMMERMAN PROPERTIES, LLC

1730 E. REPUBLIC ROAD, SUITE F
SPRINGFIELD, MISSOURI
PHONE: (417) 883-1632 FAX: (417) 883-6343

HTC No. 060128

October 25, 2006

RECEIVED
OCT 27 2006
LIHTC

Ben Sheppard
Multifamily Finance and Production Division
Texas Department of Housing and Community Affairs
211 East 11th, St.
Austin, Texas 78711-3941

RE: Request for change for Jacksonville, Pines Apartments, TDHCA #060128

Dear Mr. Shepard:

As per our conversation on October 23, 2006 we are formally requesting an application amendment for Jacksonville Pines Apartments, TDHCA #060128. The following should identify all the changes and provide an explanation of the reasoning for each.

The Jacksonville Pines application is an intergenerational housing development consisting of 68 total units. There is a 12-unit building with an attached clubhouse and elevator for seniors. The remaining 4 buildings consist of 56 units designed for families. There is also a detached clubhouse for the family portion of the community.

The requested amendment is as follows.

1. Concerning the 56 family units please see the attached document labeled Exhibit "A". This exhibit shows the first and second floor footprint for a typical family building. Please note how all units on both sides of the building have an outside ground floor entrance. We are requesting to have the buildings redesigned as breezeway structures. (Please see the attached document labeled Exhibit "B".) This would eliminate the stairs going to the second floor units and provide breezeway access to both the first and second floor units.

   The reasoning for the request is due to the topography of the site. This site is heavily wooded and covered with dense vegetation. Once the surveyor underbrushed the site and shot contours, they realized that there was much more fall than originally anticipated. The original building designs require parking and/or sidewalks on both sides of each building. This would be very difficult, if not impossible, to adhere to when concerned with ADA requirements. Thus, we feel the breezeway design is a better fit.

   Please note that the attached unit plans have not changed with the exception of the entries as shown on the attached floor plans. Even though there is approximately a 1% decrease in square footage shown on the attached Volume 1, Tab 2 Activity Overview, Part F. The living space actually increases by taking the staircase out of the units and providing access via breezeways. Also note that first and second floor unit square footages are now the same.

2. I have also included a revised site plan. As you can see, everything shown on the original site plan is on the updated plan, however, due to the topography some of the buildings have shifted to fit the contours.

I am not sure if the above changes require an amendment, but to be proactive and consistent with the rules, I wanted to get the information to you so we could get on the December Board Meeting. Please call me at your earliest convenience to discuss.

Sincerely,

Justin M. Zimmerman
member

HTC No. 060149

Law Offices of
John D. Stover
113 Gaslight Boulevard
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Timothy J. Karczewski
Of Counsel

October 23, 2006

VIA TELECOPIER (512)475-1895
Mr. Ben Sheppard
Multifamily Finance Production
Texas Department of Housing and
Community Affairs
507 Sabine
Austin, Texas 78701

In re: Pineywoods Lufkin Home Team, Ltd.

Dear Ben:

Doug Dowler has asked me to respond to your communication to him on Friday, October 20, 2006, concerning the above project. While the Women's Shelter of East Texas, Inc., will no longer be the general partner in the limited partnership that owns the property, the project is still being built for that organization. The Women's Shelter, as shown in the application, will be in possession of the project and will operate it as transitional housing for victims of domestic violence. The change in the partnership was made to accommodate the Women's Shelter when they were not able to obtain the grant that they had anticipated.

Again, this is still the Women's Shelter of East Texas project. They will be the beneficial owner of the project even though they will not have legal title.

Very truly yours,

John D. Stover

JDS/rc
C:\My Documents\Pineywoods Lufkin Home Team\Ltr to Sheppard re ownership.wpd

cc: Mr. Doug Dowler

HTC No. 060149

Women's Shelter of East Texas, Inc.

October 23, 2006

Dear Mr. Sheppard,

Per our conversation on the phone last week, here is the following information concerning withdrawing from the development proposal with Pineywoods Hometeam.

The Transitional Housing Project that our agency originally sought funding for was a collaborative partnership between Pineywoods and The Women's Shelter of East Texas, Inc.

Our agency originally sought funding for the debt service amount, from a local foundation that has frequently supported our services, the T.L.L. Temple Foundation. At this time, the foundation decided not to fund this project. They later came back with funding for an emergency shelter for Angelina County instead.

Our agency decided that the debt service responsibility was not what our organization was currently ready to take on. Yet our interest in running the program is still very strong. We are currently in the development stages for securing a Memorandum of Understanding with Pineywoods to solidify the partnership for operating the development as opposed to partial ownership.

The Women's Shelter of East Texas has written a proposal for the Super Nova - Balance of State Continuum of Care grant. This grant is for supportive services to operate the project. Our standing with the state-wide prioritization currently looks favorable and the awards will be announced in early December of this year.

The Women's Shelter is committed to this important project and feels that the development of Transitional Housing for this vulnerable population will only strengthen our mission to assist families to grow toward a life free from violence.

Let me know if there is any other information that you need and thank you for your support.

Sincerely,

Margi Preston

Margi Preston
Executive Director

2723 Durst St. Nacogdoches, TX 75964 (936) 569-1018 24-Hour Hotline 1-800-828-7233

HTC No. 060149

Ownership - Existing and As Proposed

HTC No. 060149

At Application

Pineywoods Lufkin Home Team Ltd.

The Women's Shelter of East Texas (GP) (0.05%)	Pineywoods CDFI (Special LP) (0.05%)	Charlotte Bennett (LP) (99.9%)
Margi Preston, Exec. Dir.	Charlotte Bennett, Exec. Dir.	
Tina Sellers, Director	Aron Kulhavy, Director	
Sharon Templeman, Director	Walter Diggles, Director	
Donna Phillips, Director	Jimmy Mize, Director	
Angela Burson, Director		
Karen Bowser, Director		
Linda Poland, Director		
Harold Cottle, Director		
William Serafini, Director		
George Fidone, Director		
Betty Shinn, Director		
Tony Jasso, Director		
Heather Kartye, Director		
Demetrius Liggins, Director		

As Currently Proposed

Pineywoods Lufkin Home Team Ltd.

Pineywoods HOME Team Affordable Housing, Inc. (GP) (0.05%)	Pineywoods CDFI (Special LP) (0.05%)	Doug Dowler (99.9%)
Doug Dowler, Exec. Dir.	Charlotte Bennett, Exec. Dir.	
Sharon Conner, Director	Aron Kulhavy, Director	
Jessie Hadnot, Director	Walter Diggles, Director	
Rev. Amos Horton, Director	Jimmy Mize, Director	
Dean Robinson, Director		

HTC No. 03159

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production

From: Raquel Morales, Real Estate Analysis

cc: File

Date: November 1, 2006

Re: 03159, Amendment Request for Summit Senior Village of Gainesville

Summit Senior Village of Gainesville is an elderly development originally underwritten during the 2003 9% HTC cycle and awarded an annual tax credit allocation of $476,268.

The owner, by letter dated October 23, 2006, has requested to amend the application to substitute several amenities. Specifically, the owner committed at application to providing full perimeter fencing with controlled access gate and ceramic tile floors in the entry, kitchen and bathrooms of each unit. While the full perimeter fence feature will be retained the owner is requesting to delete the controlled gate access and substitute this amenity with computer facilities and recreation facilities consisting of a community garden and a horseshoe/games pit. Additionally, the owner is requesting to substitute the ceramic tile floors with a storage room or closet for each unit as well as 25-year architectural shingle roofing. According to the owner, there were concerns regarding emergency vehicle access to the property and elderly tenants slipping on ceramic tile floors which led to the current request to substitute these amenities with the substitutes identified. It should be noted that the original underwriting analysis for this development included evaluation of storage rooms/closets for each unit and composition shingle roofing for the buildings, as presented in the architectural drawings submitted at application.

Based on the Underwriter's review of the request, it does not appear that the changes requested would adversely affect the development's feasibility and no change in the credit allocation is recommended.

HTC No. 04026

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production Division

From: Cameron Dorsey, Real Estate Analysis Division

cc: File

Date: November 13, 2006

Re: Review of Amendment Request for HTC #04026, Oak Timbers-White Settlement II in White Settlement

Per your request, I have reviewed the amendment request for the above reference property and in particular reviewed the material effects of the property's failure to provide 60 garages and self-cleaning ovens for all units as proposed and underwritten at application.

The Applicant's failure to provide self-cleaning ovens in all units does not materially affect the underwriting analysis. The Real Estate Analysis estimating tool, *Marshall and Swift*, does not differentiate between self-cleaning ovens and non-self-cleaning ovens. The Underwriter utilizes an allowance for all standard appliances. Therefore, a re-evaluation as a result of this change is not required.

The Underwriter has re-evaluated the direct construction costs as part of the Cost Certification process using *Marshall and Swift* as a result of the Applicant's failure to construct 60 garages. Based on the re-evaluation, the Applicant's total actual direct construction cost of $3,928,279 is 11% higher than the Applicant's estimated direct construction cost at application. However, the Underwriter's revised estimate at Cost Certification of $4,020,043 is 2% higher than the Applicant's actual costs. The Applicant's actual cost is supported by the Contactor's Final Application for payment and an Independent Auditor's Report. Additionally, the Applicant did not claim secondary income from the subject garages at the time of application or at Cost Certification. Therefore, the failure to provide garages has no material impact on the underwriting proforma. As a result, no adjustment to the credit amount is warranted prior to finalization of the development's Cost Certification.

Please contact me if I can be of further assistance.

HTC No. 04101

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production Division

From: Brenda Hull, Real Estate Analysis

cc: File

Date: November 1, 2006

Re: Pleasant Hill (#04101) Amendment Request

The owner requests an amendment to the application changing the number of bathrooms in the three-bedroom units from two, as indicated at time of application, to one and one-half. As a rehabilitation of an existing development with construction costs estimated by the owner and supported by the original property condition assessment, the change in number of bathrooms would only affect the credit amount to the extent that the applicant has indicated a construction cost increase or decrease. The owner did not provide such information, therefore, the amendment is recommended for approval.

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HTC No. 04108

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production Division

From: Brenda Hull, Real Estate Analysis

cc: File

Date: November 1, 2006

Re: Tamarac Pines (#04108) Amendment Request

The owner requests several amendments to the application including:

- Replace the 12 SEER HVAC with a Packaged Terminal Air Conditioning (PTAC) system with Energy Efficient Ratio (EER) of 11.5;
- Replace the individual water heaters with a central boiler system;
- Acceptance of a monitored emergency system as the Monitored Unit Security;
- Acceptance of the community room as the property's Game/Recreation Room; and
- Removal of the public telephone.

As a rehabilitation of an existing development with construction costs estimated by the owner and supported by the original property condition assessment, the changes would only affect the credit amount to the extent that the applicant has indicated a construction cost increase or decrease. The owner has stated that the proposed changes do not "...change the financial scope of work or contemplated financing of the property" (letter dated October 25, 2006). The replacement of the individual water heaters with a central boiler system impacts the utility allowances and effective gross income. However, the development was originally underwritten without the water heating utility allowance therefore no adjustment to the analysis is required. The amendment is recommended for approval.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

DATE: October 23, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 04167

DEVELOPMENT NAME

Oxford Place Apartments

APPLICANT

Name:	Oxford Community, LP			**Type:**	For Profit		
Address:	2640 Fountainview			**City:**	Houston	**State:**	TX
Zip:	77057	**Contact:**	Ernie Etuk	**Phone:**	(713) 260-0767	**Fax:**	(713) 260-0815

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Oxford Community, LLC	**(%):**	0.01	**Title:**	Managing General Partner
Name:	APV Redevelopment Corporation	**(%):**	N/A	**Title:**	Sole member of MGP;Developer (Nonprofit)
Name:	Housing Authority of City of Houston	**(%):**	N/A	**Title:**	Parent of Developer

PROPERTY LOCATION

Location: 605 Berry Road ☒ QCT ☐ DDA

City: Houston **County:** Harris **Zip:** 77091

REQUEST

Amount	Interest Rate	Amortization	Term
$1,200,000	N/A	N/A	N/A

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

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

Special Purpose: Family, Nonprofit; At-Risk

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $1,302,517[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance, before cost certification, of a tax attorney's opinion and/or updated third party CPA opinion and documentation to support the Applicant's ability to claim 9% tax credits without reducing eligible basis by the amount of below market federal financing being provided by Victory Street Public Facility Corporation (VSPFC) and Housing Authority of the City of Houston (HACH). Should such a satisfactory opinion and documentation not be confirmed a reduction in the tax credit amount is anticipated. In addition the opinion should consider the final development cost, sources and uses, and proforma, and evaluate the capacity for any anticipated deferred developer fee to be repaid.

[1] The recommended tax credit allocation incorporates the October 12, 2006 TDHCA Board approval to award additional tax credits to developments from the 2004 and 2005 competitive round based on a 14% increase in sitework and direct construction costs.

2. Receipt, review and acceptance, before cost certification, of a revised/updated development cost schedule, sources and uses of funds, operating expense and operating proforma documentation and a complete set of development plans.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

In the 2004 9% HTC application cycle Oxford Place Apartments was awarded a Housing Tax Credit allocation of $1,187,924 annually for ten years. The underwriting report indicated a 250-unit development consisting of 52 one-bedroom/one-bath units, 112 two-bedroom/two-bath units, and 86 three-bedroom/two-bath units, with 268,830 sq. ft. of net rentable area.

The application proposed the demolition of 230 public housing units and the construction of a 250 unit development, consisting of 200 tax credit units and 50 market rate units. The 200 tax credit units were also to have been public housing units. The award was approved subject to:

1. Receipt, review and acceptance of documentation from HUD accepting a reduction in the number of public housing units at Oxford Place from 230 existing units to 200 out of 250 proposed units under a current Annual Contributions Contract.
2. Receipt, review and acceptance of a tax attorney's opinion and documentation to support the Applicant's ability to claim 9% tax credits without reducing eligible basis by the amount of below market federal financing being provided by Victory Street Public Facility Corporation (VSPFC) and Housing Authority of the City of Houston (HACH). Should such a satisfactory opinion and documentation not be provided, the recommended tax credit amount is reduced to $627,000, and revised commitments from VSPFC and/or HACH reflecting an increase in funding of at least $4,599,177 are required. All of these items should be provided as necessary prior to execution of commitment.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

The application was amended in May/June 2005 to increase the number of public housing units to the original 230 but leave only 200 units as tax credit units. The development will receive an operating subsidy through an Annual Contribution Contract with HUD, sized to target break-even operation with no debt service for the public housing units. Although there are now 20 market rate units which are not restricted under the Public Housing or HTC programs, the Applicant has based all rents on HUD Public Housing Unit guidelines and therefore continues to indicate that there will be no debt service component.

The condition of a tax attorney's opinion confirming tax credit eligibility with the proposed financing was modified to allow a third party CPA to satisfy the requirement. The CPA letter provided by Novogradac & Company indicates that the debt in question can foreseeably be repaid at maturity in 30 years (estimated to be $32,092,750) based on the then-anticipated fair market value of the property ($32,712,300). The agreed upon procedures report referenced in the letter and which detailed this calculation was not provided. It is not clear if the fair market value considered any of the units to continue to be PHA units after maturity of the loan (the originally proposed regulatory and operating agreement contemplated a 40 year term), or if the tax credit units were considered to continue to be restricted after 30 years. (The originally proposed land lease to the partnership runs 99 years). Given the continued changes to the development this opinion should be reviewed and confirmed by the third party CPA and/or a tax attorney before cost certification.

ADDENDUM

A mid-development inspection report by TDHCA staff indicated that all of the two-bedroom units are being constructed with only one bath, in contradiction to the underwriting conclusions and Board approval during the application/allocation stage. A corrective action request was sent to the Applicant on July 12, 2006.

The Applicant has submitted a revised Rent Schedule and a request for an amendment to the application in order to conform the Rent Schedule to the current architectural plans. The Applicant's Request for Amendment states that "No revisions to financial exhibits should be required because, due to the involvement of the Houston Housing Authority and the use of HUD Capital Fund financing ... the project was bid out by the HHA as a fixed price contract, and therefore the number of bathrooms made no appreciable difference to the anticipated construction costs." The Applicant's reply acknowledged that the Rent Schedule in the application erroneously listed the two-bedroom units as having two baths. However, the reply went on to say that the unit and building plans originally submitted with the application showed all two-bedroom/one-bath units; subsequently, during the initial underwriting process, revised plans were submitted that included 24 two-bedroom/one-and-a-half bath units. At the time of the mid-development inspection, the on-site representative stated that the actual unit mix under construction is 52 one-bedroom/one-bath, 88 two-bedroom/one-bath, 24 two-bedroom/one-and-a-half-bath, and 86 three-bedroom/two-bath units. Additionally, the rentable area for each unit type reported by the on-site representative differed from that indicated in the application, with a net rentable area of 277,046 sq. ft., or an increase of 8,216 sq. ft. The Underwriter requested updated plans and cost schedules, but none were provided in time to complete this addendum. Receipt, review and acceptance of a revised/updated development cost schedule and a complete set of development plans, before cost certification, is a condition of this addendum.

No changes were made to the Applicant's income and expenses or sources and uses of funds as no new information was provided. Receipt, review and acceptance of a revised/updated sources and uses of funds, operating expense and operating proforma documentation, before cost certification, is a condition of this addendum. The underwriting analysis has been revised to consider the development costs of the actual unit mix though unit square footages were not adjusted. Without updated floorplans to verify the increased square footage, the Underwriter used the area from the original application (including the revised plan for the two-bedroom/one-and-a-half bath unit).

Based on the currently proposed unit mix and net rentable area of 268,830 square feet, the Underwriter applied current 2006 cost estimates from Marshall & Swift and determined direct construction costs of 12,978,319. This figure is 17% greater than the Applicant's original estimate for direct construction costs and 19% greater than the Underwriter's original 2004 cost estimate and thus the recently approved 14% increase in direct construction cost (and sitework) appears to be justified from TDHCA data only. Given that the Applicant did not provide updated information, the Applicant's original total development cost estimate is used in this analysis also. As a result the Applicant's total development cost estimate is no longer within 5% of the Underwriter's estimate. Therefore, the Underwriter's cost estimate will be used to determine the development's eligible basis. The Underwriter's total development cost estimate of $19,920,598 yields an eligible basis of $18,840,820. This amount is increased by 30% because the site is in a Qualified Census Tract, and adjusted by the 80% Applicable Fraction for tax credit units. The resulting adjusted eligible basis of $19,594,453 would support annual tax credits of $1,598,907.

Given the financing structure proposed in the original application but applied to the Underwriter's current analysis, the gap in financing increases from $9,740,000 to $11,748,978, which would support annual tax credits of $1,432,946. At the October 12, 2006 TDHCA Board meeting, the Board approved a proposal to award additional tax credits to developments from the 2004 and 2005 competitive round to compensate for increases in development costs. The proposal calls for additional credits to be calculated based on a 14% increase in sitework and direct construction costs. Applying this increase to the Applicant's original tax credit award would yield additional credits of $114,593, for a total allocation of $1,302,517. This credit amount results in a significant deferred developer fee of $1,069,407 which does not appear to be repayable based upon the cash flow nature of the first lien and the limited cash flow capacity of the development with only 20 non-PHA units. This may require that the original anticipated developer fee be reduced in order for it to be considered repayable and valid. Given the excess in eligible basis that may be available for this development a reduction to the developer fee still may be feasible. Since no new financial information was provided, receipt, review and acceptance of an expansion of the attorney and/or CPA opinion letter should consider the final development cost, sources and uses, and proforma, and evaluate the capacity for any anticipated deferred developer fee to be repaid.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risks exist regarding possible costs related to safe removal of asbestos during demolition of the existing units.
- Significant inconsistencies (below-market federal funding) 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 property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- The recommended amount of deferred developer fee does not appear to be repayable due to the break-even nature of the operating subsidy, and any amount unpaid past ten years would be removed from eligible basis.
- The lessor 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:	Tom Cavanagh	Date:	October 23, 2006
Director of Real Estate Analysis:	Tom Gouris	Date:	October 23, 2006

Oxford Place Apartments, 04167, Houston

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%	12	1	1	767	$258	$221	$2,652	$0.29	$37.00	$37.31
TC 50%	10	1	1	767	$258	$221	$2,210	$0.29	37.00	37.31
MR	4	1	1	767	$258	$221	$884	$0.29	37.00	37.31
TC 30%	11	1	1	813	$258	$221	$2,431	$0.27	37.00	37.31
TC 40%	1	1	1	813	$258	$221	$221	$0.27	37.00	37.31
TC 50%	10	1	1	813	$258	$221	$2,210	$0.27	37.00	37.31
MR	4	1	1	813	$258	$221	$884	$0.27	37.00	37.31
TC 30%	10	2	1	886	$314	$268	$2,680	$0.30	46.00	43.31
TC 40%	1	2	1	886	$314	$268	$268	$0.30	46.00	43.31
TC 50%	5	2	1	886	314	$268	$1,340	0.30	46.00	43.31
MR	6	2	1	886	314	$268	$1,608	0.30	46.00	43.31
TC 30%	9	2	1	1,035	$314	$268	$2,412	$0.26	46.00	43.31
TC 40%	1	2	1	1,035	$314	$268	$268	$0.26	46.00	43.31
TC 50%	5	2	1	1,035	314	$268	$1,340	0.26	46.00	43.31
MR	5	2	1	1,035	314	$268	$1,340	0.26	46.00	43.31
TC 30%	22	2	1	1,072	$314	$268	$5,896	$0.25	46.00	43.31
TC 40%	2	2	1	1,072	$314	$268	$536	$0.25	46.00	43.31
TC 50%	13	2	1	1,072	$314	$268	$3,484	$0.25	46.00	43.31
MR	9	2	1	1,072	$314	$268	$2,412	$0.25	46.00	43.31
TC 30%	14	2	1.5	1,104	$314	$268	$3,752	$0.24	46.00	43.31
TC 40%	2	2	1.5	1,104	$314	$268	$536	$0.24	46.00	43.31
TC 50%	8	2	1.5	1,104	314	268	$2,144	0.24	46.00	43.31
TC 30%	6	3	2	1,247	370	315	$1,890	0.25	55.00	49.31
MR	2	3	2	1,247	370	315	$630	0.25	55.00	49.31
TC 30%	4	3	2	1,277	370	315	$1,260	0.25	55.00	49.31
MR	4	3	2	1,277	370	315	$1,260	0.25	55.00	49.31
TC 30%	2	3	2	1,307	370	315	$630	0.24	55.00	49.31
TC 30%	52	3	2	1,308	370	315	$16,380	0.24	55.00	49.31
MR	16	3	2	1,308	370	315	5,040	0.24	55.00	49.31
TOTAL:	250		AVERAGE:	1,075	$76	$274	$68,598	$0.26	$11.25	$10.43

INCOME	Total Net Rentable Sq Ft: 268,830			TDHCA 2004	APP 2004	Comptroller's Region	6	
POTENTIAL GROSS RENT				$964,848	$964,848		IREM Region	Houston
Secondary Income	Per Unit Per Month		$5.00	15,000	12,000	$4.00	Per Unit Per Month	
Other Support Income: (describe)				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$979,848	$976,848			
Vacancy & Collection Loss	% of Potential Gross Income:		-7.50%	(73,489)	(73,260)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$906,359	$903,588			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	9.67%	$350	0.33	$87,617	$62,076	$0.23	$248	6.87%
Management	8.80%	319	0.30	79,805	$46,174	0.17	185	5.11%
Payroll & Payroll Tax	24.00%	870	0.81	$217,500	$230,000	0.86	920	25.45%
Repairs & Maintenance	10.45%	379	0.35	94,689	$76,250	0.28	305	8.44%
Utilities	10.63%	385	0.36	96,329	$147,500	0.55	590	16.32%
Water, Sewer, & Trash	11.54%	419	0.39	104,629	$133,750	0.50	535	14.80%
Property Insurance	5.64%	204	0.19	51,078	$52,500	0.20	210	5.81%
Property Tax N/A	0.00%	0	0.00	0	$0	0.00	0	0.00%
Reserve for Replacements	5.52%	200	0.19	50,000	$50,000	0.19	200	5.53%
Other: compl fees	11.62%	421	0.39	105,350	$105,250	0.39	421	11.65%
TOTAL EXPENSES	97.86%	$3,548	$3.30	$886,996	$903,500	$3.36	$3,614	99.99%
NET OPERATING INC	2.14%	$77	$0.07	$19,363	$88	$0.00	$0	0.01%
DEBT SERVICE								
Victoria Street PFC (HUD capital fur	0.00%	$0	$0.00	$0		$0.00	$0	0.00%
HACH/ HOPE VI	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	2.14%	$77	$0.07	$19,363	$88	$0.00	$0	0.01%
AGGREGATE DEBT COVERAGE RATIO				n/a				
RECOMMENDED DEBT COVERAGE RATIO				n/a				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA 2006	APP 2004	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0	$0	$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.70%	6,132	5.70	1,532,919	1,532,919	5.70	6,132	8.56%
Direct Construction		65.15%	51,913	48.28	12,978,319	11,077,381	41.21	44,310	61.85%
Contingency	1.03%	0.75%	600	0.56	150,000	150,000	0.56	600	0.84%
General Req'ts	5.25%	3.82%	3,046	2.83	761,547	761,547	2.83	3,046	4.25%
Contractor's G & A	1.67%	1.22%	972	0.90	242,907	242,907	0.90	972	1.36%
Contractor's Profit	5.16%	3.76%	2,993	2.78	748,348	748,348	2.78	2,993	4.18%
Indirect Construction		3.73%	2,970	2.76	742,500	742,500	2.76	2,970	4.15%
Ineligible Costs		4.88%	3,885	3.61	971,138	971,138	3.61	3,885	5.42%
Developer's G & A	3.27%	2.86%	2,280	2.12	570,000	570,000	2.12	2,280	3.18%
Developer's Profit	4.91%	4.29%	3,420	3.18	855,000	855,000	3.18	3,420	4.77%
Interim Financing		1.30%	1,037	0.96	259,280	259,280	0.96	1,037	1.45%
Reserves		0.55%	435	0.40	108,640	0	0.00	0	0.00%
TOTAL COST		100.00%	$79,682	$74.10	$19,920,598	$17,911,020	$66.63	$71,644	100.00%
Construction Cost Recap		*82.40%*	*$65,656*	*$61.06*	*$16,414,040*	*$14,513,102*	*$53.99*	*$58,052*	*81.03%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA 2006	APP 2004	RECOMMENDED	
Victoria Street PFC (HUD capital fur	40.52%	$32,286	$30.02	$8,071,620	$8,071,620	$8,071,620	Developer Fee Available
HACH/ HOPE VI	0.50%	$400	$0.37	100,000	100,000	100,000	$1,425,000
LIHTC Syndication Proceeds	0.00%	$0	$0.00	0		10,679,571	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0		1,069,407	75%
Additional (Excess) Funds Req'd	58.98%	$46,996	$43.70	11,748,978	9,739,400	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,920,598	$17,911,020	$19,920,598	($739,716)

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.81	$13,121,592
Adjustments				
Exterior Wall Finish	3.04%		$1.48	$398,896
9-Ft. Ceilings	3.00%		1.46	393,648
Roofing			0.00	0
Subfloor			(0.90)	(240,672)
Floor Cover			2.22	596,803
Porches/Balconies	$20.33	25,730	1.95	523,091
Plumbing	$680	306	0.77	208,080
Built-In Appliances	$1,675	250	1.56	418,750
Stairs	$1,485	144	0.80	213,840
Enclosed Corridors	$38.89	0	0.00	0
Heating/Cooling			1.73	465,076
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$62.25	6,000	1.39	373,500
Other:			0.00	0
SUBTOTAL			61.27	16,472,404
Current Cost Multiplier	1.07		4.29	1,153,068
Local Multiplier	0.90		(6.13)	(1,647,240)
TOTAL DIRECT CONSTRUCTION COSTS			$59.44	$15,978,232
Plans, specs, survy, bld prn	3.90%		($2.32)	($623,151)
Interim Construction Interes	3.38%		(2.01)	(539,265)
Contractor's OH & Profit	11.50%		(6.84)	(1,837,497)
NET DIRECT CONSTRUCTION COSTS			$48.28	$12,978,319

PAYMENT COMPUTATION

Primary	$8,071,620	Amort	
Int Rate	0.00%	DCR	#DIV/0!

Secondary	$100,000	Amort	
Int Rate	0.00%	Subtotal DCR	#DIV/0!

Additional	$0	Amort	
Int Rate		Aggregate DCR	#DIV/0!

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$0
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$19,363

Primary	$8,071,620	Amort	0
Int Rate	0.00%	DCR	#DIV/0!

Secondary	$100,000	Amort	0
Int Rate	0.00%	Subtotal DCR	#DIV/0!

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	#DIV/0!

HTC ALLOCATION ANALYSIS -Oxford Place Apartments, 04167, Houston

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land				
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,532,919	$1,532,919	$1,532,919	$1,532,919
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$11,077,381	$12,978,319	$11,077,381	$12,978,319
(4) Contractor Fees & General Requirements				
Contractor overhead	$242,907	$242,907	$242,907	$242,907
Contractor profit	$748,348	$748,348	$748,348	$748,348
General requirements	$761,547	$761,547	$756,618	$761,547
(5) Contingencies	$150,000	$150,000	$150,000	$150,000
(6) Eligible Indirect Fees	$742,500	$742,500	$742,500	$742,500
(7) Eligible Financing Fees	$259,280	$259,280	$259,280	$259,280
(8) All Ineligible Costs	$971,138	$971,138		
(9) Developer Fees				
Developer overhead	$570,000	$570,000	$570,000	$570,000
Developer fee	$855,000	$855,000	$855,000	$855,000
(10) Development Reserves		$108,640		
TOTAL DEVELOPMENT COSTS	$17,911,020	$19,920,598	$16,934,953	$18,840,820

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		$16,934,953	$18,840,820
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$22,015,439	$24,493,066
Applicable Fraction		80%	80%
TOTAL QUALIFIED BASIS		$17,612,351	$19,594,453
Applicable Percentage		8.16%	8.16%
TOTAL AMOUNT OF TAX CREDITS		$1,437,168	$1,598,907
Syndication Proceeds	**0.8199**	**$11,783,598**	**$13,109,729**

Total Tax Credits (Eligible Basis Method)	**$1,437,168**	**$1,598,907**
Syndication Proceeds	**$11,783,598**	**$13,109,729**
Requested Tax Credits	**$1,200,000**	
Syndication Proceeds	**$9,839,016**	
Gap of Syndication Proceeds Needed		**$11,748,978**
Total Tax Credits (Gap Method)		**$1,432,946**
Original Award (Gap Method)	**$1,187,924**	
Additional Credits approved by Board 10/12/06	**$114,593**	
Total Credits	**$1,302,517**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM

DATE: November 22, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 05207

DEVELOPMENT NAME

Parker Lane Seniors Apartments

APPLICANT

Name:	Parker Lane Seniors Apartments, L.P.		**Type:**	For-profit			
Address:	4101 Parkstone Heights, Suite 280		**City:**	Austin		**State:**	TX
Zip:	78746	**Contact:** Jim Shaw	**Phone:**	(512) 347-9903		**Fax:**	(512) 732-8341

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	SHFC Parker 70 General Partner, LLC	**(%):**	0.01	**Title:**	Managing General Partner
Name:	Parker Lane Developers, LLC	**(%):**	0.01	**Title:**	Developer
Name:	Strategic Housing Finance Corporation of Travis County	**(%):**	N/A	**Title:**	30% Owner of Developer
Name:	SGI Ventures, Inc.	**(%):**	N/A	**Title:**	50% Owner of Developer
Name:	Sally Gaskin	**(%):**	N/A	**Title:**	100% Owner of SGI
Name:	LBK, Ltd.	**(%):**	N/A	**Title:**	14% Owner of Developer
Name:	Lily Kavthekar	**(%):**	N/A	**Title:**	100% Owner of LBK

PROPERTY LOCATION

Location:	4000 Block of Parker Lane & 1900 Block of Woodward Street		☒ **QCT**		☐ **DDA**
City:	Austin	**County:**	Travis	**Zip:**	78741

REQUEST

Amount	Interest Rate	Amortization	Term
$714,181	N/A	N/A	N/A

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

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

Special Purpose (s): Elderly, Non-Profit

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $714,181[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a third party detailed site work cost breakdown for all sitework costs, including costs per unit of materials and numbers of units required certified by an architect or engineer familiar with the sitework costs of this proposed project, to be accompanied by a letter from a certified public accountant stating which costs are includable in eligible basis, by Cost Certification; and

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[1] Includes $44,241 in annual tax credits approved for additional allocation under the Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments

2. Receipt, review and acceptance of a fully executed and finalized construction contract upon approval of the amendments currently being requested;
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

ADDENDUM

Parker Lane Seniors Apartments was originally underwritten during the 2005 HTC cycle and awarded an annual tax credit allocation of $669,940, subject to conditions. The owner, by letter dated November 11, 2006, is requesting approval to amend the application in the following areas: reduction in the number of residential buildings; a change in the unit mix; a change in unit amenities from use of energy efficient alternative construction to use of R-15 and R-30 insulation for walls and ceilings, respectively; a change from 30% Stone and 70% Stucco to 10% Stone and 90% Stucco; and a change in development amenities from community garden/walk trail to an exercise facility. This analysis evaluates the impact of these changes to the development's feasibility and credit recommendation.

Operating Proforma: The owner provided a revised rent schedule, annual operating expenses and 30-year proforma. The current rent schedule reflects a total of 52 one bedroom-one bath units and 18 two bedroom-two bath units. The owner's current rent projections are $9 and $10 less than the maximum rents allowed under program guidelines for the one and two bedroom units, respectively. Estimates of secondary income are in line with TDHCA underwriting guidelines and estimates of vacancy and collection losses are estimated at 7%, which is slightly less than the TDHCA standard of 7.50%. As a result, the Applicant's effective gross income estimate is 3% higher than the Underwriter's estimate. The owner's current annual operating expense estimate of $3,508 per unit is $235 less than the amount estimated in the original application, but is within 5% of the Underwriter's current database-derived estimate of $3,409. It should be noted that the original analysis assumed a 50% property tax exemption with the condition that the owner provide documentation of the proposed method of obtaining a tax exemption. The owner has provided a letter from the Travis County Appraisal District dated October 24, 2006 indicating that the subject property, as structured with the ground lease, would meet the requirements for receiving a 100% property tax exemption. The Underwriter's current analysis assumes a 100% exemption due to the ownership interest of the Travis County Housing Finance Authority. The owner's estimated income and expenses are consistent with the Underwriter's expectations and the owner's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the owner's NOI should be used to evaluate the development's debt service capacity. In both the owner's and Underwriter's estimates, there is sufficient cash flow to support the proposed permanent financing structure at a DCR that falls within TDHCA underwriting guidelines.

Construction Cost: The owner is requesting to change the development plan which originally included three small garden style residential buildings and one large three story structure to the currently proposed one large four story structure. Additionally, the owner has changed the exterior of the building to consist of 100% stucco as opposed to 30% masonry/70% stucco in the original application. The owner's request indicates that the original site plan was designed with the understanding that the drainage ditch located on the site could be bridged with box culverts for automobile traffic, which would allow internal auto circulation within the site, allowing residents located on the other side of the ditch to drive to the community center. However, upon further discussion with the City of Austin, bridging the ditch was not an option. The current development plan allows all residents convenient access to the community center and a secure environment with entry to the units via internal, air-conditioned corridors. The community center, located on the first floor in the middle section of the building will include offices, a kitchen and dining area, craft room, theatre, a fitness room and business center. Additionally, the second floor will include a smaller community area also located in the middle section of the building and will contain a laundry room, library and sitting area. The four story structure will include two elevators, one located in the middle section of the building and a second elevator located in the northwest side of the building. Also, since the current plan identifies the one building to be located on one side of the drainage ditch, the owner has indicated that the land located on the other side of the ditch will be used as green space with a detention pond and possible community gardens planned for that area of the site. The current development plan also includes underground parking consisting of 43 spaces. It should be noted that the plan also included 27 carports to be located on the surface parking in front of the building; however, the owner has since requested to exclude the carports from the development and substitute this amenity with a swimming pool. The owner explained that Parker Lane Seniors is located within the urban core of Austin with four convenient bus stops within approximately 150 yards of the development in addition to a development owned and operated van planned for scheduled resident shopping and recreational activities.

The owner's claimed sitework costs of $15,822 per unit are considerably higher than the Department's allowable guidelines for multifamily developments. The owner did not provide third party documentation to support these costs. Therefore, this addendum is conditioned upon receipt, review and acceptance of a third party detailed site work cost breakdown for all sitework costs, including costs per unit of materials and numbers of units required certified by an architect or engineer familiar with the sitework costs of this proposed project, to be accompanied by a letter from a certified public accountant stating which costs are includable in eligible basis, by Cost Certification. The owner's direct construction cost estimate is $1.4M or 18% higher than the Underwriter's current Marshall & Swift *Residential Cost Handbook*-derived estimate. The Underwriter discussed this difference with the owner and was provided with the construction contract and budget that was being negotiated at the time of this analysis. The owner indicated that the contract would not be finalized or executed until the amendment request was approved by the Department. Therefore, the Underwriter's analysis utilized the estimated sitework and direct construction cost as reflected in the construction contract and budget, however, with the condition that the owner provide to the Department a fully executed and finalized construction contract upon approval of the amendments currently being requested. Additionally, the Underwriter reduced the owner's eligible interim financing fees by $179,599 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. The owner's contractor's fees are all within the maximums allowed by TDHCA guidelines.

As mentioned previously in this addendum, the Underwriter's cost estimation included the sitework and direct construction costs currently being negotiated between the owner and the general contractor. As a result, the owner's total development cost estimate is within 5% of the Underwriter's estimate. However, this analysis will utilize the Underwriter's total cost breakdown to calculate eligible basis and determine the HTC allocation since this analysis is conditioned upon receipt of the finalized and executed construction contract upon approval of the amendments requested. As a result, an eligible basis of $9,733,115 is used to determine a credit allocation of $973,084 from this method. The resulting syndication proceeds will be used to compare to the owner's request and to the gap of need using the Underwriter's costs to determine the recommended credit amount.

<u>Financing Structure & Conclusions</u>: The owner provided a revised commitment from Boston Capital dated November 8, 2006 reflecting an interim to permanent loan amount of $3,315,500 amortizing over 30 years at a locked interest rate of 7.10%. The owner also provided a commitment dated August 5, 2005 from the Austin Housing Finance Corporation for a loan in the amount of $71,000 with a 20 year amortization and an annual interest rate of 3%. A revised syndication commitment dated November 15, 2006 reflects total anticipated syndication proceeds of $6,855,453 based on a syndication rate of 96%. As stated previously the owner's NOI is within 5% of the Underwriter's estimate and is used to determine the development's debt service capacity. Both the owner's and Underwriter's proformas reflect that the proposed permanent financing structure is serviceable at a DCR that falls within TDHCA underwriting guidelines. Of the three possible tax credit allocations, the gap-driven amount ($779,313), the maximum allocation based on the award at application and Board-approved additional allocation ($714,181) and eligible basis-derived estimate ($973,084), the maximum allocation based on the award at application and Board-approved additional allocation totaling $714,181 is recommended resulting in proceeds of $6,854,766 based on a syndication rate of 96%. It should be noted that the owner's revised tax credit request of $714,181 includes the original 2004 award of $669,940 in addition to the recently approved additional allocation of $44,241 approved by the TDHCA Board at the October 2006 meeting. The Underwriter's recommended financing structure indicates the need for $895,750 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cash flow within fifteen years of stabilized operation.

As a result of this analysis, the owner's requested amendments to the application do not appear to negatively impact the financial feasibility of the development and the original credit recommendation remains unchanged.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's direct construction cost is more than 5% higher than the Underwriter's Marshall and Swift based estimate.

Underwriter:	*Raquel Morales*	**Date:**	November 22, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 22, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Parker Lane Seniors, Austin, 9% HTC #05207 Addendum

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%)	7	1	1	777	$400	$309	$2,163	$0.40	$91.00	$21.00
TC (60%)	41	1	1	777	800	$700	28,700	0.90	91.00	21.00
TC (60%)	2	1	1	964	800	$700	1,400	0.73	91.00	21.00
MR	2	1	1	1,288		$815	1,630	0.63	91.00	21.00
TC (60%)	2	2	2	1,155	480	$355	710	0.31	125.00	21.00
TC (60%)	16	2	2	1,162	960	$825	13,200	0.71	125.00	21.00
TOTAL:	70		AVERAGE:	896	$765	$683	$47,803	$0.76	$99.74	$21.00

INCOME					TDHCA	ORIG TDHCA	ORIG APPL	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	62,702								Comptroller's Region	7
POTENTIAL GROSS RENT					$573,636	$549,780	$504,828	$585,600		IREM Region	Austin
Secondary Income			Per Unit Per Month:	$10.00	8,400	4,200	4,200	8,400	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$582,036	$553,980	$509,028	$594,000			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(43,653)	(41,549)	(38,172)	(41,580)	-7.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0					
EFFECTIVE GROSS INCOME					$538,383	$512,432	$470,856	$552,420			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.47%	$497	0.56	$34,808	$31,666	$39,712	$34,764	$0.55	$497	6.29%
Management		5.00%	385	0.43	26,919	25,622	23,543	27,621	0.44	395	5.00%
Payroll & Payroll Tax		13.49%	1,038	1.16	72,652	69,165	84,729	71,370	1.14	1,020	12.92%
Repairs & Maintenance		4.69%	361	0.40	25,270	24,711	27,660	29,072	0.46	415	5.26%
Utilities		2.40%	184	0.21	12,901	13,813	15,000	13,813	0.22	197	2.50%
Water, Sewer, & Trash		3.28%	252	0.28	17,640	22,260	20,000	22,260	0.36	318	4.03%
Property Insurance		3.78%	291	0.32	20,337	20,977	19,050	21,319	0.34	305	3.86%
Property Tax	Exempt	0.00%	0	0.00	0	31,429	0	0	0.00	0	0.00%
Reserve for Replacements		2.60%	200	0.22	14,000	21,000	21,000	14,000	0.22	200	2.53%
Other: compl fees		2.62%	202	0.23	14,126	11,326	11,326	11,326	0.18	162	2.05%
TOTAL EXPENSES		44.33%	$3,409	$3.81	$238,653	$271,967	$262,020	$245,545	$3.92	$3,508	44.45%
NET OPERATING INC		55.67%	$4,282	$4.78	$299,731	$240,464	$208,836	$306,875	$4.89	$4,384	55.55%
DEBT SERVICE											
Boston Capital Partners		49.66%	$3,820	$4.26	$267,375	$146,148	$147,459	$269,873	$4.30	$3,855	48.85%
Austin Housing Finance Corp.		0.88%	$68	$0.08	4,725	16,638	16,804	4,772	$0.08	$68	0.86%
Additional Financing		0.00%	$0	$0.00	0	0			$0.00	$0	0.00%
NET CASH FLOW		5.13%	$395	$0.44	$27,631	$77,678	$44,573	$32,230	$0.51	$460	5.83%
AGGREGATE DEBT COVERAGE RATIO					1.10	1.48	1.27	1.12			
RECOMMENDED DEBT COVERAGE RATIO						1.30		1.13			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	ORIG TDHCA	ORIG APPL	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.92%	$6,231	$6.96	$436,144	$426,144	$426,144	$436,144	$6.96	$6,231	4.01%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		9.94%	15,822	17.66	1,107,514	525,000	525,000	1,107,514	17.66	15,822	10.19%
Direct Construction		48.73%	77,537	86.56	5,427,574	3,309,151	3,496,675	5,427,574	86.56	77,537	49.95%
Contingency	0.00%	2.93%	4,668	5.21	326,754	174,834	174,834	0	0.00	0	0.00%
General Req'ts	6.00%	3.52%	5,602	6.25	392,105	230,049	241,301	392,105	6.25	5,602	3.61%
Contractor's G & A	2.00%	1.17%	1,867	2.08	130,702	76,683	80,434	130,702	2.08	1,867	1.20%
Contractor's Profit	6.00%	3.52%	5,602	6.25	392,105	230,049	241,301	392,105	6.25	5,602	3.61%
Indirect Construction		5.32%	8,464	9.45	592,445	644,000	644,000	592,445	9.45	8,464	5.45%
Ineligible Costs		3.34%	5,314	5.93	371,959	406,500	406,500	371,959	5.93	5,314	3.42%
Developer's G & A	1.99%	1.57%	2,497	2.79	174,764	112,165	120,491	174,764	2.79	2,497	1.61%
Developer's Profit	12.92%	10.20%	16,228	18.12	1,135,963	729,075	783,191	1,135,963	18.12	16,228	10.45%
Interim Financing		3.78%	6,016	6.72	421,134	418,500	418,500	421,134	6.72	6,016	3.88%
Reserves		2.05%	3,255	3.63	227,854	200,000	220,000	284,000	4.53	4,057	2.61%
TOTAL COST		100.00%	$159,100	$177.62	$11,137,016	$7,482,151	$7,778,371	$10,866,408	$173.30	$155,234	100.00%
Construction Cost Recap		*69.83%*	*$111,096*	*$124.03*	*$7,776,754*	*$4,545,767*	*$4,759,545*	*$7,450,000*	*$118.82*	*$106,429*	*68.56%*

SOURCES OF FUNDS

SOURCES OF FUNDS	%	Per Unit	Per Sq Ft	TDHCA	ORIG TDHCA	ORIG APPL	APPLICANT	RECOMMENDED	
Boston Capital Partners	29.77%	$47,364	$52.88	$3,315,500	$1,700,000	$1,700,000	$3,315,500	$3,315,500	Developer Fee Available
Austin Housing Finance Corp.	0.64%	$1,014	$1.13	71,000	250,000	250,000	71,000	71,000	$1,269,537
HTC Syndication Proceeds	61.56%	$97,935	$109.33	6,855,452	5,778,490	5,778,490	6,855,452	6,854,766	% of Dev. Fee Deferred
Deferred Developer Fees	5.61%	$8,921	$9.96	624,456	49,879	49,879	624,456	895,750	71%
Additional (Excess) Funds Req'd	2.43%	$3,866	$4.32	270,608	(296,218)	2	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$11,137,016	$7,482,151	$7,778,371	$10,866,408	$11,137,016	$1,228,454

Parker Lane Seniors, Austin, 9% HTC #05207 Addendum

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.93	$3,193,688
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
Elderly/9-Ft. Ceilings	12.00%		6.11	383,243
Roofing			0.00	0
Subfloor			(0.56)	(35,113)
Floor Cover			2.22	139,198
Porches/Balconies	$20.33	7477	2.42	152,007
Plumbing	$680	54	0.59	36,720
Built-In Appliances	$1,675	71	1.90	118,925
Elevators	$71,250	2	2.27	142,500
Enclosed Corridors	$41.01	7551	4.94	309,700
Heating/Cooling			1.73	108,474
Garages/Carports	$0.00	0	0.00	0
Comm &/or Aux Bldgs	$52.66	8,061	6.77	424,528
Carports	$9.20	5,400	0.79	49,680
SUBTOTAL			80.12	5,023,550
Current Cost Multiplier	1.04		3.20	200,942
Local Multiplier	0.86		(11.22)	(703,297)
TOTAL DIRECT CONSTRUCTION COSTS			$72.11	$4,521,195
Plans, specs, survy, bld prm	3.90%		($2.81)	($176,327)
Interim Construction Interes	3.38%		(2.43)	(152,590)
Contractor's OH & Profit	11.50%		(8.29)	(519,937)
NET DIRECT CONSTRUCTION COSTS			$58.57	$3,672,341

PAYMENT COMPUTATION

Primary	$3,315,500	Amort	360
Int Rate	7.10%	DCR	1.12

Secondary	$71,000	Amort	240
Int Rate	3.00%	Subtotal DCR	1.10

Additional		Amort	
Int Rate		Aggregate DCR	1.10

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$267,375
Secondary Debt Service	4,725
Additional Debt Service	0
NET CASH FLOW	$34,775

Primary	$3,315,500	Amort	360
Int Rate	7.10%	DCR	1.15

Secondary	$71,000	Amort	240
Int Rate	3.00%	Subtotal DCR	1.13

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.13

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	$585,600	$603,168	$621,263	$639,901	$659,098	$764,075	$885,773	$1,026,853	$1,380,005
Secondary Income	8,400	8,652	8,912	9,179	9,454	10,960	12,706	14,729	19,795
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	594,000	611,820	630,175	649,080	668,552	775,035	898,478	1,041,583	1,399,800
Vacancy & Collection Loss	(41,580)	(45,887)	(47,263)	(48,681)	(50,141)	(58,128)	(67,386)	(78,119)	(104,985)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$552,420	$565,934	$582,912	$600,399	$618,411	$716,908	$831,092	$963,464	$1,294,815
EXPENSES at 4.00%									
General & Administrative	$34,764	$36,155	$37,601	$39,105	$40,669	$49,480	$60,200	$73,243	$108,417
Management	27,621	28296.675	29145.57525	30019.94251	30920.54078	35845.38129	41554.62122	48173.19504	64740.74586
Payroll & Payroll Tax	71,370	74,225	77,194	80,282	83,493	101,582	123,590	150,366	222,578
Repairs & Maintenance	29,072	30,235	31,444	32,702	34,010	41,379	50,343	61,250	90,665
Utilities	13,813	14,366	14,940	15,538	16,159	19,660	23,920	29,102	43,078
Water, Sewer & Trash	22,260	23,150	24,076	25,039	26,041	31,683	38,547	46,898	69,421
Insurance	21,319	22,172	23,059	23,981	24,940	30,344	36,918	44,916	66,487
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	14,000	14,560	15,142	15,748	16,378	19,926	24,243	29,496	43,661
Other	11,326	11,779	12,250	12,740	13,250	16,120	19,613	23,862	35,322
TOTAL EXPENSES	$245,545	$254,938	$264,852	$275,155	$285,861	$346,019	$418,928	$507,306	$744,370
NET OPERATING INCOME	$306,875	$310,996	$318,059	$325,244	$332,550	$370,888	$412,164	$456,158	$550,445
DEBT SERVICE									
First Lien Financing	$267,375	$267,375	$267,375	$267,375	$267,375	$267,375	$267,375	$267,375	$267,375
Second Lien	4,725	4,725	4,725	4,725	4,725	4,725	4,725	4,725	4,725
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$34,775	$38,896	$45,960	$53,144	$60,450	$98,769	$140,064	$184,058	$278,345
DEBT COVERAGE RATIO	1.13	1.14	1.17.	1.20	1.22	1.36	1.51	1.68	2.02
						79,619	119,426	162,061	231,202
Cumulative Cash Flow	34,775	73,671	119,631	172,775	233,225	631,322	1,228,454	2,038,759	4,350,776
Cumulative Reserves	14,000	28,560	43,702	59,450	75,829	166,589	277,014	411,362	777,148
PCA Repairs									
Ending Reserve Balance	14,000	28,560	43,702	59,450	75,829	166,589	277,014	411,362	777,148

HTC ALLOCATION ANALYSIS -Parker Lane Seniors, Austin, 9% HTC #05207 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	$436,144	$436,144		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,107,514	$1,107,514	$1,107,514	$1,107,514
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$5,427,574	$5,427,574	$5,427,574	$5,427,574
(4) Contractor Fees & General Requirements				
Contractor overhead	$130,702	$130,702	$130,702	$130,702
Contractor profit	$392,105	$392,105	$392,105	$392,105
General requirements	$392,105	$392,105	$392,105	$392,105
(5) Contingencies		$326,754		
(6) Eligible Indirect Fees	$592,445	$592,445	$592,445	$592,445
(7) Eligible Financing Fees	$421,134	$421,134	$421,134	$421,134
(8) All Ineligible Costs	$371,959	$371,959		
(9) Developer Fees			$1,269,537	$1,269,537
Developer overhead	$174,764	$174,764		
Developer fee	$1,135,963	$1,135,963		
(10) Development Reserves	$284,000	$227,854		
TOTAL DEVELOPMENT COSTS	$10,866,408	$11,137,016	$9,733,115	$9,733,115

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$9,733,115	$9,733,115
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$12,653,049	$12,653,050
Applicable Fraction		96%	95.89%
TOTAL QUALIFIED BASIS		$12,133,221	$12,133,222
Applicable Percentage		8.02%	8.02%
TOTAL AMOUNT OF TAX CREDITS		$973,084	$973,084
Syndication Proceeds	**0.9598**	**$9,339,742**	**$9,339,742**
Total Tax Credits (Eligible Basis Method)		**$973,084**	**$973,084**
Syndication Proceeds		**$9,339,742**	**$9,339,742**
Requested Tax Credits		**$714,181**	
Syndication Proceeds		**$6,854,766**	
Gap of Syndication Proceeds Needed		**$7,479,908**	
Total Tax Credits (Gap Method)		**$779,313**	
Revised Allocation		**$714,181**	

HTC No. 060027

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard

From: Sam Hoover

cc:

Date: November 1, 2006

Re: Parkway Ranch #060027

After adding an additional 1.2 acres of land to the original prorated acreage of 25.71 acres now totaling 26.91 acres the acquisition cost would now be $1,063,214. This increased site cost would cause the deferred developer fee to be increased to $925,159 which appears to be repayable from the development cash flow in fifteen years of stabilized operation; therefore, there is not objection to the applicant increasing the acreage by the requested 1.2 acres and the recommended credit amount remains the same.

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HTC No. 060128

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: File

From: Diamond Unique Thompson

cc: Tom Gouris

Date: November 11, 2006

Re: Amendment for Jacksonville Pines Apartments #060128

According to the Carryover Allocation Agreement, the Applicant requested an amendment based on square footage changes in the family building structures, due to the addition of breezeways. The Applicant has also elected to fix the applicable credit percentage for the Development, thus requiring a reevaluation of the Development's total eligible tax credits. As a result of the adjusted applicable percentage, the following sections of the underwriting report have been amended accordingly:

CONSTRUCTION COST ESTIMATE EVALUATION

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 $5,535,036 support annual tax credits of $584,278. 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 ANALYSIS

The Applicant's total development cost estimate (adjusted for the allowed acquisition cost) less the permanent loan of $1,090,000 indicates the need for $4,912,000 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $551,924 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request ($561,250) the gap-driven amount ($551,924) and eligible basis-derived estimate ($584,278), at the lower fixed applicable percentage rate elected by the Applicant at carryover, the gap-driven amount of $551,924 would still be recommended. Under this revised financing structure there is no need for deferred developer fee.

Furthermore, it should be noted, although the Development would be affected by a credit adjustment based on the decreased fixed applicable percentage and slight changes in development structure, in this case, these changes were not sufficient enough to impact the original credit recommendation. The revised analysis indicates that the credit amount is based on the Development's gap in need based on development costs; therefore, the decreases in the applicable percentage and total net rentable square footage (approximately 1%) are negligible effects and would have no effect on the credits recommendation.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ADDENDUM

DATE: October 13, 2006 **PROGRAM:** 9% HTC **FILE NUMBER:** 060149

DEVELOPMENT NAME

Women's Shelter of East Texas

APPLICANT

Name:	Pineywoods Lufkin Home Team, Ltd.			**Contact:**	Doug Dowler
Address:	PO Box 635188				
City	Nacogdoches	**State:**	TX	**Zip:**	75963
Phone:	(936) 559-9615	**Fax:**	(936) 559-9625	**Email:**	ddowler@pineywoodshometeam.com

KEY PARTICIPANTS

Name:	Pineywoods HOME Team Affordable Housing, Inc.	**Title:**	.05% Managing General Partner and Co-Developer
Name:	Pineywoods CDFI	**Title:**	.05% Special Limited Partner and Co-Developer
Name:	Doug Dowler	**Title:**	Executive Director of GP
Name:	Charlotte Bennett	**Title:**	Executive Director of SLP

PROPERTY LOCATION

Location:	1835 Sayers				
City:	Lufkin			**Zip:**	75901
County:	Angelina	**Region:**	5	☐ **QCT**	☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$354,139	N/A	N/A	N/A

Proposed Use of Funds:	New construction	**Type:**	Single-Family Rental
Target Population:	Family	**Other:**	Rural, Nonprofit. Original request was for $664,139

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $351,954[1] ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a noise study as recommended by the Phase I ESA.
2. Receipt, review and acceptance of documentation reflecting the non-federal source of the Pineywood's Housing Finance Corporation grant, or potential adjustment to their credit amount.
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.

[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

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. The applicable percentage increase analysis was completed yet the write-up was not posted to the website until now. The Applicant has received an accurate commitment with the updated credit recommendation based on the applicable percentage increase. In addition, the Applicant is requesting the approval of a change in ownership structure. The 0.05% general partner and co-developer at application, The Women's Shelter of East Texas, is being replaced by Pineywoods HOME Team Affordable Housing, Inc., see the Development Team section below.

As stated in the Underwriting Report dated June 17, 2006, the Applicant's cost schedule is within 5% of the Underwriter's estimated costs. Therefore, 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 $3,328,169 and the revised underwriting applicable percentage rate support annual tax credits of $351,954. 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 $864,000 and $185,000 in funds from Pineywoods HFC indicates the need for $3,421,684 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $360,523 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($360,523), and adjusted eligible basis-derived estimate ($351,954), the eligible basis-derived amount of $351,954 is still recommended. The Underwriter's recommended financing structure indicates the need for $81,331 in deferred developer fees.

The syndication rate proposed in the commitment is consistent with 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, 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 is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner and Co-Developer, Pineywoods HOME Team Affordable Housing, Inc., a non-profit CHDO, submitted an audited financial statement as of December 31, 2005 reporting total assets of $4.49M and consisting of $29K in cash, $1.1M in receivables, $186K in other current assets, $1.8M in property and equipment, and $1.2M in real estate. Liabilities totaled $4.15M resulting in a net worth of $333K.
- The Special Limited Partner and Co-Developer, Pineywoods Community Development Financial Institution, submitted an audited financial statement as of December 31, 2004 reporting total assets of $102.5K and consisting of $280 in cash, $49K in receivables, $21.4K in other current assets, and $3.8K in real property. Liabilities totaled $81K, resulting in a net worth of $21K.

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%.

- The proposed grant may be considered to be sourced from federal funds.
- Significant environmental issues exist with regard to the floodplain encompass an unused portion of the site.

Underwriter:	*Brenda Hull*	**Date:**	October 13, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	October 13, 2006

MULTIFAMILY COMPARATIVE ADDENDUM

Women's Shelter of East Texas, Lufkin, 9% HTC, #060149 -- 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%	13	3	2	1,290	$729	$660	$8,585	$0.51	68.58	$21.55
TC 60%	12	3	2	1,370	729	$660	7,925	0.48	68.58	21.55
MR	1	3	2	1,370	802	$802	802	0.59	68.58	21.55
TOTAL:	26		AVERAGE:	1,330	$732	$666	$17,313	$0.50	$68.58	$21.55

INCOME	Total Net Rentable Sq Ft: 34,580			TDHCA	APPLICANT	Comptroller's Region	5	
POTENTIAL GROSS RENT				$207,750	$207,624		IREM Region	
Secondary Income		Per Unit Per Month:	$15.00	4,680	4,680	$15.00	Per Unit Per Month	
Other Support Income: none				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$212,430	$212,304			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(15,932)	(15,924)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$196,498	$196,380			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.78%	$361	0.27	$9,399	$5,250	$0.15	$202	2.67%
Management	5.00%	378	0.28	9,825	9,825	0.28	378	5.00%
Payroll & Payroll Tax	15.63%	1,181	0.89	30,710	42,035	1.22	1,617	21.40%
Repairs & Maintenance	8.66%	654	0.49	17,010	20,030	0.58	770	10.20%
Utilities	5.06%	382	0.29	9,933	5,400	0.16	208	2.75%
Water, Sewer, & Trash	3.42%	259	0.19	6,724	4,800	0.14	185	2.44%
Property Insurance	5.19%	392	0.29	10,192	8,605	0.25	331	4.38%
Property Tax 2.6692	5.34%	403	0.30	10,488	6,600	0.19	254	3.36%
Reserve for Replacements	2.65%	200	0.15	5,200	5,200	0.15	200	2.65%
Other: compl, cable, supp svcs, sec	4.60%	348	0.26	9,040	9,540	0.28	367	4.86%
TOTAL EXPENSES	60.32%	$4,558	$3.43	$118,520	$117,285	$3.39	$4,511	59.72%
NET OPERATING INC	39.68%	$2,999	$2.25	$77,978	$79,095	$2.29	$3,042	40.28%
DEBT SERVICE								
Lancaster Pollard	30.89%	$2,335	$1.76	$60,700	$68,976	$1.99	$2,653	35.12%
Pineywoods HFC	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	8.79%	$665	$0.50	$17,277	$10,119	$0.29	$389	5.15%
AGGREGATE DEBT COVERAGE RATIO				1.28	1.15			
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)		2.77%	$4,962	$3.73	$129,000	$129,000	$3.73	$4,962	2.89%
Off-Sites		13.58%	24,346	18.31	632,993	632,993	18.31	24,346	14.16%
Sitework		4.05%	7,260	5.46	188,760	188,760	5.46	7,260	4.22%
Direct Construction		45.93%	82,339	61.91	2,140,815	1,878,443	54.32	72,248	42.02%
Contingency	5.00%	2.50%	4,480	3.37	116,479	135,322	3.91	5,205	3.03%
General Req'ts	6.00%	3.00%	5,376	4.04	139,774	162,386	4.70	6,246	3.63%
Contractor's G & A	2.00%	1.00%	1,792	1.35	46,591	54,129	1.57	2,082	1.21%
Contractor's Profit	6.00%	3.00%	5,376	4.04	139,774	162,386	4.70	6,246	3.63%
Indirect Construction		4.72%	8,464	6.36	220,072	220,072	6.36	8,464	4.92%
Ineligible Costs		4.20%	7,525	5.66	195,650	195,650	5.66	7,525	4.38%
Developer's G & A	2.82%	1.94%	3,479	2.62	90,465	90,465	2.62	3,479	2.02%
Developer's Profit	11.29%	7.76%	13,918	10.46	361,862	361,862	10.46	13,918	8.09%
Interim Financing		4.59%	8,231	6.19	214,016	214,016	6.19	8,231	4.79%
Reserves		0.97%	1,738	1.31	45,200	45,200	1.31	1,738	1.01%
TOTAL COST		100.00%	$179,287	$134.80	$4,661,452	$4,470,684	$129.29	$171,949	100.00%
Construction Cost Recap		*59.47%*	*$106,623*	*$80.17*	*$2,772,194*	*$2,581,426*	*$74.65*	*$99,286*	*57.74%*

SOURCES OF FUNDS

						RECOMMENDED	
Lancaster Pollard	18.53%	$33,231	$24.99	$864,000	$864,000	$864,000	Developer Fee Available
Pineywoods HFC	3.97%	$7,115	$5.35	185,000	185,000	185,000	$434,109
HTC Syndication Proceeds	72.10%	$129,273	$97.20	3,361,092	3,361,092	3,340,353	% of Dev. Fee Deferred
Deferred Developer Fees	1.30%	$2,330	$1.75	60,592	60,592	81,331	19%
Additional (Excess) Funds Req'd	4.09%	$7,337	$5.52	190,768	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,661,452	$4,470,684	$4,470,684	$331,743

Women's Shelter of East Texas, Lufkin, 9% HTC, #060149 -- App Perc Inc

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Single-Family Residence

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$59.09	$2,043,267
Adjustments				
Exterior Wall Finish			$0.00	$0
Special Needs/Transition	3.00%		1.77	61,298
Roofing			0.00	0
Subfloor			(1.21)	(41,709)
Floor Cover			2.22	76,768
Porches/Balconies	$14.14	5,491	2.25	77,643
Plumbing	$940	0	0.00	0
Built-In Appliances	$1,675	26	1.26	43,550
Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	59,823
Garages/Carports	$20.46	14,050	8.31	287,463
Comm &/or Aux Bldgs	$61.84	7,456	13.33	461,072
Other:Subdivision discou	-10.00%		(5.91)	(204,327)
SUBTOTAL			82.85	2,864,848
Current Cost Multiplier	1.03		2.49	85,945
Local Multiplier	0.89		(9.11)	(315,133)
TOTAL DIRECT CONSTRUCTION COSTS			$76.22	$2,635,660
Plans, specs, survy, bld prm	3.90%		($2.97)	($102,791)
Interim Construction Interes	3.38%		(2.57)	(88,954)
Contractor's OH & Profit	11.50%		(8.77)	(303,101)
NET DIRECT CONSTRUCTION COSTS			$61.91	$2,140,815

PAYMENT COMPUTATION

Primary	$864,000	Amort	480
Int Rate	6.50%	DCR	1.28

Secondary	$185,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.28

Additional		Amort	
Int Rate		Aggregate DCR	1.28

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$60,700
Secondary Debt Service	4,625
Additional Debt Service	0
NET CASH FLOW	$13,770

Primary	$864,000	Amort	480
Int Rate	6.50%	DCR	1.30

Secondary	$185,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.21

Additional	$0	Amort	480
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	$207,624	$213,853	$220,268	$226,876	$233,683	$270,902	$314,050	$364,070	$489,280
Secondary Income	4,680	4,820	4,965	5,114	5,267	6,106	7,079	8,206	11,029
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	212,304	218,673	225,233	231,990	238,950	277,009	321,129	372,276	500,308
Vacancy & Collection Loss	(15,924)	(16,400)	(16,892)	(17,399)	(17,921)	(20,776)	(24,085)	(27,921)	(37,523)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$196,380	$202,273	$208,341	$214,591	$221,029	$256,233	$297,044	$344,356	$462,785
EXPENSES at 4.00%									
General & Administrative	$5,250	$5,460	$5,678	$5,906	$6,142	$7,472	$9,091	$11,061	$16,373
Management	9,825	10119.8118	10423.40619	10736.10838	11058.19163	12819.47487	14861.28486	17228.30225	23153.39758
Payroll & Payroll Tax	42,035	43,716	45,465	47,284	49,175	59,829	72,791	88,561	131,093
Repairs & Maintenance	20,030	20,831	21,664	22,531	23,432	28,509	34,685	42,200	62,467
Utilities	5,400	5,616	5,841	6,074	6,317	7,686	9,351	11,377	16,841
Water, Sewer & Trash	4,800	4,992	5,192	5,399	5,615	6,832	8,312	10,113	14,970
Insurance	8,605	8,949	9,307	9,679	10,067	12,248	14,901	18,129	26,836
Property Tax	6,600	6,864	7,139	7,424	7,721	9,394	11,429	13,905	20,583
Reserve for Replacements	5,200	5,408	5,624	5,849	6,083	7,401	9,005	10,956	16,217
Other	9,540	9,922	10,316	10,731	11,160	13,578	16,520	20,099	29,752
TOTAL EXPENSES	$117,285	$121,876	$126,652	$131,614	$136,771	$165,769	$200,947	$243,630	$358,284
NET OPERATING INCOME	$79,095	$80,394	$81,689	$82,977	$84,258	$90,464	$96,097	$100,725	$104,501
DEBT SERVICE									
First Lien Financing	$60,700	$60,700	$60,700	$60,700	$60,700	$60,700	$60,700	$60,700	$60,700
Second Lien	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625	4,625
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$13,770	$15,069	$16,364	$17,652	$18,932	$25,139	$30,772	$35,400	$39,176
DEBT COVERAGE RATIO	1.21	1.23	1.25	1.27	1.29	1.38	1.47	1.54	1.60

HTC ALLOCATION ANALYSIS - Women's Shelter of East Texas, Lufkin, 9% HTC, #060149 -- 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	$129,000	$129,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$188,760	$188,760	$188,760	$188,760
Off-site improvements	$632,993	$632,993		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$1,878,443	$2,140,815	$1,878,443	$2,140,815
(4) Contractor Fees & General Requirements				
Contractor overhead	$54,129	$46,591	$41,344	$46,591
Contractor profit	$162,386	$139,774	$124,032	$139,774
General requirements	$162,386	$139,774	$124,032	$139,774
(5) Contingencies	$135,322	$116,479	$103,360	$116,479
(6) Eligible Indirect Fees	$220,072	$220,072	$220,072	$220,072
(7) Eligible Financing Fees	$214,016	$214,016	$214,016	$214,016
(8) All Ineligible Costs	$195,650	$195,650		
(9) Developer Fees			$434,109	
Developer overhead	$90,465	$90,465		$90,465
Developer fee	$361,862	$361,862		$361,862
(10) Development Reserves	$45,200	$45,200		
TOTAL DEVELOPMENT COSTS	$4,470,684	$4,661,452	$3,328,169	$3,658,609

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		$3,328,169	$3,658,609
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$4,326,619	$4,756,192
Applicable Fraction		96.15%	96.15%
TOTAL QUALIFIED BASIS		$4,160,211	$4,573,261
Applicable Percentage		8.46%	8.46%
TOTAL AMOUNT OF TAX CREDITS		$351,954	$386,898
Syndication Proceeds	0.9491	$3,340,353	$3,672,003
Total Tax Credits (Eligible Basis Method)		$351,954	$386,898
Syndication Proceeds		$3,340,353	$3,672,003
Requested Tax Credits		$354,139	
Syndication Proceeds		$3,361,092	
Gap of Syndication Proceeds Needed		$3,421,684	
Total Tax Credits (Gap Method)		$360,523	

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
December 14, 2006

Action Items

Requests for extensions of the deadlines to place in service and submit commencement of construction documentation are summarized below.

Required Action

Approve or deny these requests for extensions related to 2004, 2005 and 2006 Housing Tax Credit commitments.

Background

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

HTC No. 04066, Pineywoods Community Development (single family homes) (Placement in Service)

Summary of Request: The development owner requests an extension of the deadline to place in service as permitted under Revenue Procedure 95-28, Section 5.02, which states, "If an owner of a project located in a major disaster area has a carryover allocation and the area is declared a major disaster area during the 2-year period described in §42(h)(1)(E)(i), the Service will treat the owner as having satisfied the applicable placed in service requirement if the owner places the project in service by December 31 of the year following the end of the 2-year period. See §1.42-6 for specific rules on carryover allocations."

The request was made necessary by delays caused by Hurricanes Katrina and Rita. The owner reported that construction was under way when Hurricane Rita hit the area, making it necessary to remove approximately 1,300 cubic yards of trees, stumps and other debris from the sites before work could resume. Adding to the delay were a shortage of trucking; absence of electricity; material and labor shortages; shortage of city inspectors; changes in city codes that made development standards more stringent; drastic increases in material costs; and other issues, including ten inches of rain approximately one month ago which caused massive flooding.

The development is located in Orange County, one of the 22 Texas counties that were designated as disaster areas by the Federal Emergency Management Agency. The designation makes the development eligible for relief from the carryover allocation deadline for placement in service under section 5.02 as stated above.

Owner:	Pineywoods Orange Home Team, Ltd.
General Partners:	Pineywoods Home Team Affordable Housing, Inc.
Principals/Interested Parties:	Pineywoods Home Team Affordable Housing, Inc.; Partners for Effective Development; Doug Dowler; Jerry Moore
Syndicator:	AIG SunAmerica, Inc.
Construction Lender:	AIG SunAmerica, Inc.
Permanent Lender:	AIG SunAmerica, Inc.
Other Funding:	City of Orange
City/County:	Orange/Orange
Set-Aside:	Nonprofit
Type of Area:	Rural

Type of Development:	New Construction
Population Served:	General Population
Units:	36 HTC units
2004 Allocation:	$403,142
Allocation per HTC Unit:	$11,198
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Placement in Service
Current Deadline:	December 31, 2006
New Deadline Requested:	December 31, 2007
New Deadline Recommended:	**December 31, 2007**
Staff Recommendation:	**Approve the extension as requested pursuant to Revenue Procedure 95-28, Section 5.02.**

HTC No. 04206, Lake Jackson Manor
(Placement in Service)

Summary of Request: The development owner requests an extension of the deadline to place in service as permitted under Revenue Procedure 95-28, Section 5.02, which states, "If an owner of a project located in a major disaster area has a carryover allocation and the area is declared a major disaster area during the 2-year period described in §42(h)(1)(E)(i), the Service will treat the owner as having satisfied the applicable placed in service requirement if the owner places the project in service by December 31 of the year following the end of the 2-year period. See §1.42-6 for specific rules on carryover allocations."

The request was made necessary by delays caused by Hurricane Rita, which added to delays already caused by Hurricane Katrina. The owner's documents indicate that Katrina created additional demands on city staff, resulting in backlogs in the plan review process and that Rita had the same effect. The owner offered letters from three engineering firms referencing the delays and stating that the delays made it impossible to complete the designs or other work on the development and to place the buildings in service by the deadline. The letters stated that Rita had caused delays in the structural engineering design and other engineering designs, and in the completion of changes in the plumbing.

Lake Jackson is located southwest of Galveston in Brazoria County, approximately five miles from the Gulf Coast and approximately 100 miles from the Texas-Louisiana border where Rita made landfall. Brazoria is one of the 22 Texas counties that were designated as disaster areas by the Federal Emergency Management Agency. The designation makes the development eligible for relief from the carryover allocation deadline for placement in service under section 5.02 as stated above.

Owner:	Lake Jackson Manor, Ltd.
General Partners:	Lake Jackson Manor Management, LLC; Lake Jackson Manor Construction, LLC
Developer:	Artisan/American Corporation
Principals/Interested Parties:	Elizabeth and Vernon Young
Syndicator:	PNC Multifamily Capital
Construction Lender:	PNC Bank, NA
Permanent Lender:	PNC Bank, NA
Other Funding:	NA
City/County:	Lake Jackson/Brazoria
Set-Aside:	General
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	80 HTC units and 20 market rate units
2004 Allocation:	$402,176
Allocation per HTC Unit:	$5,027
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Placement in Service
Current Deadline:	December 31, 2006
New Deadline Requested:	December 31, 2007
New Deadline Recommended:	**December 31, 2007**

Staff Recommendation:	**Approve the extension as requested pursuant to Revenue Procedure 95-28, Section 5.02.**

HTC No. 04224, Commons of Grace
(Close Construction Loan & Commencement of Construction)

Summary of Request: The owner has requested extensions in the past for several reasons, including United States Department of Housing and Urban Development (HUD) suspension of HOME funds to the City of Houston, delays in HUD's processing of the HOME funds when the suspension ended, overloads on local government caused by Hurricane Rita. Ultimately, the construction lender and equity provider withdrew because placement in service before the December 31, 2006 deadline appeared unachievable.

The owner submitted evidence of the City of Houston's continuing interest in funding the development and the Department granted the most recent set of extensions, including the extension to place in service (new deadline of December 31, 2007). Within the last several months, NRP Holdings, LLC became a member of the developer and a special limited partner of the development owner. The owner received a new HOME commitment from the City, and has obtained commitments from new providers of debt and equity funding. Depending upon the Board's response to this request, the owner expects to close the HOME and construction loans and finalize a partnership agreement with the equity provider in the near future.

Development Owner:	TX Commons of Grace, LP
General Partner:	TX Commons of Grace Development, LLC
Developer:	GC Community Development Corporation; B&L Housing Development Corporation; NRP Holdings, LLC
Principals/Interested Parties:	GC Community Development Corporation (Nonprofit, 99% of GP); B&L Housing Development Corporation (Leroy Bobby Leopold, 1% of GP)
Syndicator:	Column Financial
Construction Lender:	City Bank
Permanent Lender:	Capmark
Other Funding:	City of Houston (HOME)
City/County:	Houston/Harris
Set-Aside:	Nonprofit
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	86 HTC and 22 market rate units
2004 Allocation:	$660,701
Allocation per HTC Unit:	$7,683
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Construction Loan Closing and Commencement of Substantial Construction
Current Deadline:	November 30, 2006 (for both activities)
New Deadlines Requested:	February 28, 2007 (for both activities)
New Deadline Recommended:	**February 28, 2007 (for both activities)**
Prior Extensions:	Construction Loan Closing extended from 6/1/05 to 9/1/05 Construction Loan Closing extended from 9/1/05 to 12/1/05 Construction Loan Closing extended from 12/1/05 to 3/31/06 Commencement of Construction extended from 12/1/05 to 3/31/06.

Construction Loan Closing extended from 3/31/06 to 5/31/06
Commencement of Construction extended from 3/31/06 to 5/31/06
Construction Loan Closing extended from 5/31/06 to 11/30/06
Commencement of Construction extended from 5/31/06 to 11/30/06
Placement in Service extended from 12/31/06 to 12/31/07

Staff Recommendation: **This request was approved by the Board at the November 9, 2006 meeting. However, staff erred in stating November 15, 2006 as the extended deadline requested for closing the construction loan. The same deadline, as stated above, was intended for both construction loan closing and commencement of construction. Staff requests the Board's approval to correct the error.**

HTC No. 05004, The Pavilion at Samuels Avenue
(Commencement of Construction)

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Counsel for the owner stated that the U.S. Department of Housing and Urban Development (HUD) approval process delayed closing the construction and equity financing for the development. Closing is expected in December.

Owner:	Samuels Avenue LP
General Partner:	Pioneers of Samuels, LLC
Developers:	Carleton Development, Ltd.
Principals/Interested Parties:	Fort Worth Affordability, Inc. (Owner of GP); Printice Gary, David Kelly and Neal Hildebrandt (Members of Special Limited Partner and Developer)
Syndicator:	Red Capital Group
Construction Lender:	Red Capital Group
Permanent Lender:	Red Capital Group
Other Funding:	City of Fort Worth
City/County:	Fort Worth/Tarrant
Set-Aside:	General
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	36 HTC units
2005 Allocation:	$254,842
Allocation per HTC Unit:	$7,079
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	February 1, 2007
New Deadline Recommended:	**February 1, 2007**
Staff Recommendation:	**Approve the extension as requested.**

<u>HTC No. 05005, Cambridge Court</u>
(Commencement of Construction)

<u>Summary of Request</u>: Applicant requests an extension of the deadline for commencement of substantial construction. Counsel for the owner stated that the U.S. Department of Housing and Urban Development (HUD) approval process delayed closing the construction and equity financing for the development. Closing is expected in early December.

Owner:	Western Hills Affordable Housing LP
General Partner:	Western Hills Affordable Housing GP
Developers:	Carleton Development, Ltd.
Principals/Interested Parties:	Fort Worth Affordability, Inc. (Owner of GP); Printice Gary, David Kelly and Neal Hildebrandt (Members of Special Limited Partner and Developer)
Syndicator:	Red Capital Group
Construction Lender:	Red Capital Group
Permanent Lender:	Red Capital Group
Other Funding:	City of Fort Worth
City/County:	Fort Worth/Tarrant
Set-Aside:	General
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	330 HTC units
2005 Allocation:	$818,995
Allocation per HTC Unit:	$2,482
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	February 1, 2007
New Deadline Recommended:	**February 1, 2007**
Staff Recommendation:	**Approve the extension as requested.**

<u>HTC No. 05097, Cathy's Pointe</u>
(Commencement of Construction)

<u>Summary of Request</u>: Applicant requests an extension of the deadline to submit the commencement of substantial construction package. The request results from delays in closing the construction loan and finalizing the syndication agreement. The development owner attributes the delays to difficulties in closing the permanent loan. However, site work was approximately 50% complete at the time of making this extension request and the owner expects to meet the requirements of Commencement of Substantial Construction by February 1, 2007.

Owner:	Cathy's Pointe, Ltd.
General Partner:	Kegley, Inc. (Managing GP); CDHM Group, GP, LLC (Co-GP)
Developer:	CDHM Group, LLC
Principals/Interested Parties:	Donald Pace, Anita Kegley, Cathy Dixon
Syndicator:	Wachovia Securities
Construction Lender:	Wachovia Bank
Permanent Lender:	Wachovia Bank
Other Funding:	NA
City/County:	Amarillo/Potter
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	120 HTC units
2005 Allocation:	$757,752
Allocation per HTC Unit:	$6,315
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	March 1, 2007
New Deadline Recommended:	**March 1, 2007**
Staff Recommendation:	**Approve the extension as requested.**

<u>HTC No. 05099, Madison Pointe</u>
(Commencement of Construction)

<u>Summary of Request</u>: Applicant requests an extension of the deadline to submit the commencement of substantial construction package. The request results from delays in closing the construction loan and finalizing the syndication agreement. The development owner attributes the delays to closing the permanent loan, which eventually required a change of lender. The owner expects to begin construction by December 1, 2006 and anticipates that the requirements of Commencement of Substantial Construction can be met by March 1, 2007.

Owner:	MM Pointe, Ltd.
General Partner:	Con-Cor Construction, Inc. (Managing GP); CDHM Group, GP, LLC (Co-GP); Futuro Communities, Inc. (Nonprofit Co-GP)
Developer:	CDHM Group, LLC
Principals/Interested Parties:	Futuro Communities, Inc.; Lloyd Jary, III; Lloyd Jary, Jr.; Donald Pace
Syndicator:	Wachovia Securities
Construction Lender:	Wachovia Bank
Permanent Lender:	Community Development Trust/Column Guaranteed
Other Funding:	NA
City/County:	Cotulla/La Salle
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	76 HTC units
2005 Allocation:	$619,762
Allocation per HTC Unit:	$8,155
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	March 1, 2007
New Deadline Recommended:	**March 1, 2007**
Staff Recommendation:	**Approve the extension as requested.**

HTC No. 05127, Navigation Pointe
(Commencement of Construction)

Summary of Request: Owner requests an extension of the deadline for commencement of substantial construction. The reason for the request is to allow time for the U.S. Department of Housing and Urban Development to process the Federal Housing Administration 221(d)(4) loan.

Owner:	C.C.T. Navigation-Cameron, LP
General Partner:	Merced-Navigation, LLC
Developers:	GMAT III Development, Ltd.
Principals/Interested Parties:	Merced Housing Texas, 501(c)(3) (Owner of GP)
Syndicator:	MMA Financial
Construction Lender:	KeyBank Real Estate Capital
Permanent Lender:	KeyBank Real Estate Capital
Other Funding:	City of Corpus Christi (HOME Funds)
City/County:	Corpus Christi/Nueces
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	124 HTC units
2005 Allocation:	$800,000
Allocation per HTC Unit:	$6,452
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	January 31, 2007
New Deadline Recommended:	**January 31, 2007**
Staff Recommendation:	**Approve the extension as requested.**

<u>HTC No. 05137, Los Ebanos</u>
(Commencement of Construction)

<u>Summary of Request</u>: Applicant requests an extension of the deadline to submit the commencement of substantial construction package. The request results from delays in closing the United States Department of Agriculture Rural Development (USDA-RD) loan and in closing a HOME loan from the Department. The owner requested the HOME loan because cost increases rose as the closing of the USDA-RD loan was delayed.

The development consists of only 28 units and, therefore, has limited resources for dealing with unanticipated costs and expenses. Therefore, in consideration of the size of the extension request fee relative to the resources of the development, the owner also requests that the fee be waived.

Owner:	HVM Zapata II, Ltd.
General Partner:	HVM Housing, LLC
Developer:	Dennis Hoover
Principals/Interested Parties:	Dixie Farmer, Danna Hoover, Dennis Hoover
Syndicator:	BHHH Corporation
Construction Lender:	First State Bank of Burnet
Permanent Lender:	USDA-RD
Other Funding:	NA
City/County:	Zapata/Zapata
Set-Aside:	USDA-RD
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	28 HTC units
2005 Allocation:	$65,042
Allocation per HTC Unit:	$2,323
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	March 30, 2007
New Deadline Recommended:	**March 30, 2007**
Staff Recommendation:	**Approve the extension as requested, but deny the fee waiver.**

HTC No. 05159, San Juan Square (Same facts apply as 05160, The Alhambra, below) (Commencement of Construction)

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Part of the development financing is from Replacement Housing Factor Funds from the United States Department of Housing and Urban Development (HUD). HUD approval is necessary close the financing. Forms were filed to obtain approval on May 23, 2006 but approval is not expected until after December 1, 2006.

Owner:	San Juan Square, Ltd.
General Partner:	SAHA San Juan Square, LLC (Managing GP); NRP Holdings, LLC (Co-GP)
Developers:	San Antonio Housing Development Corp.; NRP Holdings LLC
Principals/Interested Parties:	San Antonio Housing Facility Corp.; David Heller, Alan Scott, and Richard Bailey (NRP Holdings)
Syndicator:	Paramount Financial
Construction Lender:	GMAC
Permanent Lender:	GMAC
Other Funding:	Capital Grant Funds - SAHA
City/County:	San Antonio/Bexar
Set-Aside:	Nonprofit
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	137 HTC units and 6 market rate units
2005 Allocation:	$999,398
Allocation per HTC Unit:	$7,295
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	February 28, 2007
New Deadline Recommended:	**February 28, 2007**
Staff Recommendation:	**Approve the extension as requested.**

HTC No. 05160, The Alhambra (Same facts apply as 05159, San Juan Square, above) (Commencement of Construction)

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Part of the development financing is from Replacement Housing Factor Funds from the United States Department of Housing and Urban Development (HUD). HUD approval is necessary close the financing. Forms were filed to obtain approval on May 23, 2006 but approval is not expected until after December 1, 2006.

Owner:	The Alhambra Apartments, Ltd.
General Partner:	SAHA The Alhambra, LLC
Developers:	San Antonio Housing Development Corp. (Managing GP); NRP Holdings LLC (Co-GP)
Principals/Interested Parties:	San Antonio Housing Facility Corp.; David Heller, Alan Scott, and Richard Bailey (NRP Holdings)
Syndicator:	Paramount Financial
Construction Lender:	GMAC
Permanent Lender:	GMAC
Other Funding:	Capital Grant Funds - SAHA
City/County:	San Antonio/Bexar
Set-Aside:	Nonprofit
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	134 HTC units and 6 market rate units
2005 Allocation:	$946,988
Allocation per HTC Unit:	$7,067
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	February 28, 2007
New Deadline Recommended:	**February 28, 2007**
Staff Recommendation:	**Approve the extension as requested.**

<u>HTC No. 05166, Hampton Port</u>
(Commencement of Construction)

<u>Summary of Request</u>: Applicant requests an extension of the deadline for commencement of substantial construction. Counsel for the owner stated that the U.S. Department of Housing and Urban Development (HUD) recently provided new information on the contract for Housing Assistance Payments. Counsel stated that the information was provided too late to allow the owner to finalize the underwriting that was necessary to close the financing needed to commence construction. Additionally, counsel described other matters that remain to be negotiated between the owner and HUD, stating that these other matters are further causes of delay.

Owner:	Hampton Port, Ltd.
General Partner:	Corpus Christi Finance Corporation
Developers:	Hampton Port, Ltd.
Principals/Interested Parties:	Corpus Christi Housing Authority
Syndicator:	PNC Bank
Construction Lender:	PNC Bank
Permanent Lender:	Housing Authority of the City of Corpus Christi
Other Funding:	NA
City/County:	Corpus Christi/Nueces
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	General Population
Units:	110 HTC units
2005 Allocation:	$438,949
Allocation per HTC Unit:	$3,990
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	January 31, 2007
New Deadline Recommended:	**January 31, 2007**
Staff Recommendation:	**Approve the extension as requested.**

HTC No. 05179, The Villages at Huntsville
(Commencement of Construction)

Summary of Request: Owner requests an extension of the deadline to submit the commencement of substantial construction package. The request results from redesigning the development. An amendment for the redesign was approved by the Board on August 30, 2006. The owner expects to start construction by January 5, 2007.

Owner:	Essex Villages, L.P.
General Partner:	Tejas Housing II, Inc. (Managing GP); Eagle River Builders, Inc. (Co-GP)
Developer:	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
City/County:	Huntsville/Walker
Set-Aside:	General
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
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	March 30, 2007
New Deadline Recommended:	**March 30, 2007**
Staff Recommendation:	**Approve the extension as requested.**

HTC No. 05198, Olive Grove Manor
(Commencement of Construction)

Summary of Request: Applicant requests an extension of the deadline for commencement of substantial construction. Counsel for the owner stated that the owner has encountered delays in obtaining water and wastewater service. The owner applied to construct a private water and sewer system for the development but, after a lengthy application process, found the fees too high when it was discovered that ground water rather than surface water would have to be used. Although outside the city limits of Houston, the owner eventually obtained the city's agreement to provide services. The owner was required to submit an engineering design that is expected to be complete in early December. However, the owner cannot proceed with construction until the city and county provide approvals for the system design.

Owner:	Olive Grove Manor, Ltd.
General Partner:	HCHA Olive Grove Manor, LLC
Developers:	Artisan/American Corporation
Principals/Interested Parties:	Harris County Housing Authority (100% Owner of GP); Elizabeth Young
Syndicator:	PNC Bank
Construction Lender:	PNC Bank
Permanent Lender:	PNC Bank
Other Funding:	Harris County HOME Funds
City/County:	Houston/Harris
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	160 HTC units
2005 Allocation:	$946,000
Allocation per HTC Unit:	$5,912
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted on-time.
Type of Extension Request:	Commencement of Substantial Construction
Current Deadline:	December 1, 2006
New Deadline Requested:	March 1, 2007
New Deadline Recommended:	**March 1, 2007**
Staff Recommendation:	**Approve the extension as requested.**

HTC No. 04066

Shannock Development, L.L.P.
211 East Shepherd Avenue
Lufkin, Texas 75901

Texas Department of Housing and Community Development
221 E. 11th
Austin, TX 78701

November 30, 2006

VIA EMAIL

Attn: Michael Gerber, Executive Director

Re: Pineywoods Orange Home Team, Ltd., Phase I, Orange, Texas (the "Project")

Dear Mr. Gerber:

I am writing to you on behalf of Pineywoods Orange Home Team, Ltd., the owner of the Project and Shannock Development, L.L.P. the developer of the Project (the "Developer"). As you know, the contractor, Moore Building Associates, LLP ("MBA"), has been diligently working to complete the 36-unit scattered site single family tax credit project located in the City of Orange so as to meet the placed in service deadline of December 31, 2006. We understand that the placed in service date of the units is critical to the allocation process and we want you to know that all parties continue to do their best to keep the Project on track to meet this deadline. However, as you are also aware, last year during the beginning phases of construction of the Project, the City of Orange suffered a devastating blow on September 24, 2005 with the arrival of Hurricane Rita.

As a result of Hurricane Rita, the Project suffered immense delays, and after a series of discussions with the contractor and many attempts to overcome the lost time, the Developer has determined that the Project is approximately two months behind schedule. MBA does not find this failure to meet the construction deadline acceptable in any way, but also recognizes that in some cases such delays cannot be overcome.

We wanted to bring to your attention some of the causes and conditions that have impacted the construction of the Project and wish to enter into a discussion with you regarding extending the placed in service date until December 31, 2007. The following is a brief overview of the delays provided by MBA:

- The day before Rita hit the area the Project, consisting of 36 single family scattered lots and a community center, had approximately 20 lots with the plumbing roughed-in and a slab poured and approximately 17 lots that were graded, had the plumbing roughed-in, the slab forms set ready for inspection by the City so that the foundation could be poured.

- After Rita hit, all of the lots had to be cleared of major debris, including removal of large trees, stumps and mud blocking access to the lots. The debris removal took approximately 2 ½ months because of a severe shortage of labor in the area as well as a shortage of haul trucks. Approximately 1,305 cubic yards of debris were removed from the Project.

HTC No. 04066

- Once debris removal was completed rough-in plumbing on unpoured foundations had to be replumbed because of sustained damage. For existing foundations minor repairs to existing plumbing were required.

- The lots whose foundations had not yet been poured had to receive an inspection by the City of Orange prior to the concrete being poured. The City Hall was shut down for approximately six weeks and City inspectors suffered major backups due to emergency inspections required after the hurricane. This resulted in a very long delay in getting the remaining lots inspected and green tagged for the foundation pours. The City eventually waived permitting requirements for people who were repairing storm damage to their existing homes and businesses, but did not waive the requirements for new construction.

- The foundation pours were further complicated by the shortage of dump trucks required to haul in the material to repair and complete the foundations.

- There was no electricity to the Project for approximately 2 months. This operated to delay the framing on the lots with foundations. Normally the framers would turn to generators for back up electricity, but there was also a severe shortage of generators due to both Hurricanes Katrina and Rita.

- Subcontractors initially contracted to perform carpentry, painting and sheet rocking services refused to honor their contracts because of major price increases in materials. Some renegotiated their contracts with Moore Building Associates, but others elected to dishonor their contracts altogether and go elsewhere because of the higher rates they could receive working on damaged commercial buildings. This caused major delays in finding subcontractors to complete the work, despite turning to several out of town contractors. The shortage of carpenters, painters and sheet rockers due to Rita and Katrina is ongoing in the area. Moore Building Associates also elected to delay hiring new subcontractors and material providers to avoid price gouging immediately after the storm in order to attempt to stay within the budget.

- Obtaining materials has been exceptionally difficult due to ongoing shortages in the area, as well as substantial increases in costs. The costs of concrete has almost doubled, the cost of copper, used in plumbing and electrical materials, has more than tripled and shingles are in short supply.

- Ongoing issues further impacting the Project:

    - In January 2006 the City of Orange adopted the 2003 International Building Code, replacing their previous use of the 1997 International Building Code. While the project was grandfathered in under the 1997 Code, the City has pressured the inspectors to push the project to meet the 2003 Code, which MBA has agreed to do in most instances. This has resulted in delays as well as increased costs.

- In order to obtain funding from FEMA to combat the storm damage, the City of Orange revised and tightened their wind storm regulations, which has resulted in delays and additional costs in meeting the new, stricter requirements.

- Approximately one month ago Orange County, Texas was again declared a disaster area after receiving approximately 10" of rain causing massive flooding.

In short, the long term effects of Hurricane Rita resulted in not only substantial delays to the construction schedule, but also substantial cost increases. The substantial cost increases were based in part on the increased cost of materials and also on paying increased labor costs in an attempt to keep the Project on schedule. Clearly, the delay as well as the cost increases stemmed from acts of God and reasons beyond our and the contractor's control. Despite all parties' best efforts in attempting to overcome the delays, it appears that the December 31, 2006 deadline will not be met. As a result, on behalf of the Owner and Developer, I request an extension to the placed in service date until December 31, 2007.

Once you have had the opportunity to digest this information we welcome any questions, comments or requests for additional information that you may have for us at anytime. We have included a check for $2500.00 to cover any possible extension fee. We sincerely appreciate your considering this extension and request confirmation of such extension upon approval.

Very truly yours,

Erin M. Thiebert, General Counsel

Enclosures
CC: Doug Dowler
Jerry D. Moore

HTC No. 04206

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE
Suite 300
Austin, Texas 78701-4042

AUSTIN • DALLAS • HOUSTON • NEW ORLEANS • WASHINGTON, D.C.

(512) 305-4700
Fax: (512) 305-4800
www.lockeliddell.com

Direct Number: (512) 305-4707
email: cbast@lockeliddell.com

October 31, 2006

Ms. Emily Price
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RECEIVED
NOV 01 2006
LIHTC

Re: Lake Jackson Manor in Lake Jackson, Texas
TDHCA No. 04206

Dear Emily:

We represent Lake Jackson Manor, Ltd. (the "**Owner**"), the owner of the Lake Jackson Manor property in Lake Jackson, Texas (the "**Property**"). The Owner is currently required to place its Property in service by December 31, 2006.

The Property is located in Brazoria County, which was impacted by Hurricanes Katrina and Rita. Brazoria County was subsequently declared to be a disaster area by President Bush and designated as such by the Federal Emergency Management Agency. The disruption of these disasters has detrimentally delayed the Owner's development of the Property, as indicated by the attached letters from contractors and engineers working on the Property. Specifically, the letters demonstrate that the Hurricanes caused a substantial delay in completing engineering and design plans and implementing plumbing changes, all of which had an impact on the ability of the Owner to proceed with construction of the Property.

Notwithstanding, even with the delays noted above, the Owner pressed ahead with construction, believing that it could still meet the December 31, 2006 placement in service deadline. However, with the December 31 deadline nearing, the Owner realizes that the challenges presented by the Hurricanes may be more than can be overcome within a short timeframe, and there is a significant likelihood that the Owner will not be able to place in service by the end of this year. Consequently, the Owner submits this request for a one-year extension of the deadline to place the Property in service, to December 31, 2007. This request is submitted, and can be granted by the Texas Department of Housing and Community Affairs, pursuant to Rev. Proc. 95-28. Section 6.02 of that Revenue Procedure states:

> The Agency may approve the carryover allocation relief provided in . . . section 5.02 of this revenue procedure only for projects whose owners cannot reasonably satisfy the deadlines of Section 42(h)(1)(E) because of a disaster that caused a major disaster declaration under the Stafford Act. An Agency may make this determination on an individual project basis or may determine, because of the extent of the damage in a major disaster area, that all project

> owners or a group of project owners in the major disaster area warrant relief provided in . . . section 5.02 of this revenue procedure.

Please confirm the requested one-year extension of the placement in service deadline for the Property. Of course, if you need additional information to process this request, please feel free to contact me.

Thank you for your consideration. We look forward to hearing from you.

Sincerely,

Cynthia L. Bast/CRD

Cynthia L. Bast

Enclosure

cc: Robbye Meyer
Vernon & Elizabeth Young

HTC No. 04206

RICE ARTHUR M. RICE ENGINEERING, INC.
1718 Cherryhurst St. Houston, Texas 77006 Telephone 713 / 529-3405
P.O. Box 66155 Houston, Texas 77266 Telefax 713 / 529-3406

October 30, 2006

Ms. H. Elizabeth Young
Artisan/American Corp.
5325 Katy Freeway, Suite One
Houston, Texas 77007

RE: Lake Jackson Manor - TDHCA # 04206
120 Garland
Lake Jackson, Texas 77566

Dear Elizabeth:

The plumbing changes for the above captioned project were not completed as quickly as we hoped due to Hurricane's Katrina and Rita, therefore, making it difficult to finish the project before December 31, 2006. These were circumstances out of our control.

Sincerely,

Arthur E. Rice

Arthur E. Rice
President

HTC No. 04206

Vano T. Wilson, P.E., Inc.
Consulting Engineer
4545 Bissonnet, Suite 250
Bellaire, Texas 77401
(713) 665-5550 ~ (713) 667-3725 Fax

October 31, 2006

Ms. H. Elizabeth Young
Artisan/American Corp.
5325 Katy Freeway, Suite One
Houston, Texas 77007

Re: Lake Jackson Manor - TDHCA # 04206
120 Garland
Lake Jackson, Texas 77566

Dear Elizabeth,

We were delayed in completing the structural engineering design and construction plans due to unexpected and extensive backlogs created by Hurricane Katrina and subsequently Hurricane Rita in the fall of 2005. It is our opinion that completion of the construction of Lake Jackson Manor in Lake Jackson, Texas cannot occur before December 31, 2006.

If you have any questions please advise.

Sincerely,

Vano T. Wilson, P.E.
President
Vano T. Wilson, P.E., Inc.

file: 25037-08

HTC No. 04206

MAVIS J. GREEN INC
PROFESSIONAL ENGINEER

5602 BANKSIDE DRIVE
HOUSTON,TEXAS 77096-6119
713-729-3853 FAX 729-0464

October 30, 2006

Ms. H. Elizabeth Young
Artisan/American Corp.
5325 Katy Freeway, Suite One
Houston, Texas 77007

RE: Lake Jackson Manor – TDHCA # 04206
120 Garland
Lake Jackson, Texas 77566

Dear Elizabeth,

Please be advised that Hurricane Katrina and Rita have had an impact on our ability to get your plans completed in order for the project to be placed in service by December 31, 2006.

Sincerely,

Mavis J. Green

Mavis J. Green, P. E.

HTC No. 04224

G.C. Community Development Corporation
9410 Mesa Drive, Houston TX 77028

October 24, 2006

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Commons of Grace in Houston, Texas (the "**Project**")
TDHCA No. 04224

Dear Robbye:

I represent the general partner of TX Commons of Grace, L.P. ("**Owner**"), the owner of the Commons of Grace Senior Estates in Houston, Texas. On June 26, 2006, the Board of TDHCA approved a request for an extension of (1) construction loan closing and (2) commencement of substantial construction deadline for the Project. The new deadline was set for November 30, 2006. At that time, Owner thought that the November 30, 2006 deadline would provide sufficient time to work through the process of awarding HOME funds from the City of Houston and finalizing arrangements with financing providers.

However, as you are aware, the Project encountered additional delays. Nonetheless, we are happy to report that the City of Houston has given its commitment for HOME funds, now, and a revised development and financing team is in place to proceed. Owner expects that the construction loan will be closed by November 10, 2006 and construction of the Project will commence by November 13, 2006. But it is unlikely that "substantial construction," as defined in the QAP as 10% of the total development costs, will be met by November 30, 2006.

Given this situation, Owner respectfully requests an extension for the construction loan closing deadline and the commencement of substantial construction deadline to February 28, 2007. Owner is confident that its construction schedule will be adequate to place the Project in service by the deadline of December 31, 2007.

The applicable extension fee of $2,500, payable to TDHCA, was sent under separate cover to Ben Sheppard for delivery today.

If you have any further questions about Commons of Grace, please feel free to contact me.

Sincerely,

TX Commons of Grace Development, LLC
By: G.C. Community Development Corporation, its managing member

Willie R. Taylor

By: Willie Taylor, President

AUSTIN: 053037.00000: 343746v4

COATS | ROSE

HTC No. 05004

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

November 21, 2006

By Federal Express

Ms. Robbye Meyer
Director, Multifamily Finance Production
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

RECEIVED
NOV 22 2006
LIHTC

RE: The Pavilion at Samuels Avenue (formerly, "Samuel's Place) (TDHCA # 05004); **Request for Extension of Deadline for Commencement of Substantial Construction.**

Dear Robbye:

On behalf of Samuels Avenue, L.P., the owner of The Pavilion at Samuel's Avenue (the "Project"), we request an extension of the deadline for commencement of substantial construction until February 1, 2007. Enclosed please find a check in the amount of $2,500.00, representing the extension request fee.

The Fort Worth Housing Authority ("FWHA") sponsored the Project which received 2005 Housing Tax Credits for the construction of a new 36-unit development. Twelve (12) of the units will be designated public housing units, and will receive an operating subsidy from FWHA's Annual Contributions Contract with the Department of Housing and Urban Development ("HUD").

Due to the HUD approval process, we have not yet closed on the construction and equity financing for the Project. We believe that this closing will take place in December. Carleton Development, Ltd, the Developer, is confident of its ability to complete this development prior to the Placed in Service deadline.

HTC No. 05004

If you have any questions, or if you need any additional information to review this request, please do not hesitate to call.

Very truly yours,

Tamea A. Dula

Enclosure

cc: Barbara Holston
Ramon Guajardo
Jeff Fulenchek

TDULA/880426.1/FWHA/003984-000009

COATS | ROSE

HTC No. 05005

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

November 21, 2006

By Federal Express

Ms. Robbye Meyer
Director, Multifamily Finance Production
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

RE: Cambridge Court Apartments (TDHCA # 05005);
Request for Extension of Deadline for Commencement of Substantial Construction.

Dear Robbye:

On behalf of Western Hills Affordable Housing, L.P., the owner of Cambridge Court Apartments (the "Project"), we request an extension of the deadline for commencement of substantial construction until February 1, 2007. Enclosed please find a check in the amount of $2,500.00, representing the extension request fee.

The Fort Worth Housing Authority ("FWHA") sponsors the Project which received 2005 Housing Tax Credits for the proposed rehabilitation of a 330-unit apartment complex. Out of the 330 units, 33 will be restricted to use for chronically homeless tenants who will receive a Shelter Plus Care subsidy. An additional 33 units will be designated public housing units which will receive an operating subsidy from FWHA's Annual Contributions Contract with the Department of Housing and Urban Development ("HUD").

Due to the HUD approval process, we have not yet closed on the construction and equity financing for the Project. We believe that this closing will take place in early December, and the Developer, Carleton Development, Ltd., is poised to begin immediately with the rehabilitation of the Project. The Developer is confident of its ability to complete the Project by the Placement in Service Deadline.

HTC No. 05005

If you have any questions, or if you need any additional information to review this request, please do not hesitate to call.

Very truly yours,

Tamea A. Dula

Enclosure

cc: Barbara Holston
Ramon Guajardo
Jeff Fulenchek

HTC No. 05097

CATHY'S POINTE, LTD.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, Florida

November 13, 2006

Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 13941

Attention Ben Sheppard

Re: Cathy's Pointe: TDHCA File No: 05097 LIHTC CMTS# 4260
Commencement of Construction Extension Request

Dear Ben,

We find ourselves in the situation having to ask TDHCA for an extension on our Commencement of Construction on Cathy's Pointe. It has proven to be a continual delay on the part of Wachovia Banks process of closing loans. Wachovia Bank and Wachovia Securities began working on the Construction loan and Perm loan in February of 2006. After providing all of the information and documentation to both parties, it was seven months before completing their paper work and we finally closed the Equity and Construction loan in September 2006.

We obtained building permits September 21st. Site work has started and about 50% complete. Building pads are ready for vertical and water & sewer are complete on site.

We are confident we will be able to meet the substantial completion by February 1, 2007. We will be working with Wachovia Securities as our syndicator, our perm lender will be Wachovia Bank. Our construction lender is Wachovia Bank, we have no other sources of funds or in-kind services.

Please find attached a copy of the commitment notice awarded by TDHCA as well as our check for $2,500.00 extension fee.

Thank you for submitting this to the Board for consideration and feel free to contact me if you have any further documentation required to grant our request for extension.

Sincerely,

Donald Pace

Donald Pace

HTC No. 05099

NOV 14 REC'D
Multifamily Finance Division

MM POINTE, LTD.
2137 N. Courtenay Parkway, Suite 23
Merritt Island, Florida

November 13, 2006

Texas Department of Housing and Community Affairs
221 East 11th
Austin, Texas 13941

Attention Ben Sheppard

Re: Madison Pointe: TDHCA File No: 05099 LIHTC CMTS# 4261
Commencement of Construction Extension Request

Dear Ben,

We have found ourselves in the unfortunate situation to have to ask for an extension on our Commencement of Construction on Madison Pointe. We have had a difficult time closing the Permanent Construction Loan with Wachovia Bank. The amount of the Perm loan is so small, several of their perm lenders did not want to do the loan. They went to Community Development Trust (CDT) to get the Perm loan through Fannie Mae, but found out they did not have rights with CDT, so, we had to go to Column Guaranteed who had a relationship with CDT and we are supposed to close the loan tomorrow, November 14, 2006.

Our plan has shifted to starting site work before December 1, 2006. We are confident we will be able to meet the 10% of construction contract by March 1, 2007. We will be working with Wachovia Securities as our syndicator, our perm lender will be CDT through Column Guaranteed. Our construction lender is Wachovia Bank, we have no other sources of funds or in-kind services.

Please find attached a copy of the commitment notice awarded by TDHCA as well as our check for $2,500.00 extension fee.

Thank you for submitting this to the Board for consideration and feel free to contact me if you have any further documentation required to grant our request for extension.

Sincerely,

Donald Pace

Donald Pace

HTC No. 05127

NOV 22 2006

November 21, 2006

Ms. Robbye Meyer
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Navigation Pointe
TDHCA No. #05127
Request for Extension of Deadline for Commencement of Substantial Construction

Dear Robbye:

C.C.T. Navigation-Cameron, LP is submitting this letter to request an extension of the deadline for commencement of substantial construction for the above referenced project. Enclosed please find a check in the amount of $2,500 for payment of the extension fee.

The partnership is requesting an extension for the substantial commencement requirement because Navigation Pointe was re-designed, and HUD (Housing and Urban Development) needed time to process the FHA 221 d(4) application for new construction financing. The partnership was therefore was unable to close on the construction loan until all the proper approvals were in place, including from TDHCA, HUD, and the City of Corpus Christi. Navigation Pointe closed on October 27th, 2006. MMA Financial, LLC is the syndicator, KeyBank Real Estate Capital is the construction and permanent lender, and the City of Corpus Christi is providing the HOME funds. A Closing Settlement statement is attached. Navigation Pointe is anticipated to be 10% complete by the end of January 2007 and will submit all the necessary information at that time.

If you need anything further in conjunction with this extension request, please let me know. We appreciate your assistance.

Sincerely,

Manish Verma

HTC No. 05137

HAMILTON VALLEY MANAGEMENT, INC.

October 23, 2006

Robbye Meyer
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2401

Re: Request for Extension of Substantial Construction Commencement
HVM Zapata II, Ltd. - #05137
Los Ebanos Apartments
Zapata, Texas 78076

Mrs. Meyer,

This letter will serve as a formal request to extend the deadline for "Substantial Construction Commencement" for the HVM Zapata II, Ltd, Los Ebanos Apartments, File # 05137. As stated in the 2006 QAP, the applicant shall submit a request in writing specifying the reason for the request, and below I have outlined the events and reasoning for this request.

HVM Zapata II, Ltd. is a USDA-RD 515 elderly housing application, which received an allocation of housing tax credits from the 2005 tax credit cycle. As your department is well aware, USDA-RD projects that are mixed with housing tax credits are tedious and complicated. I trust that your department is thoroughly aware of the all of the complications that ensue one of these particular deals, and therefore I will spare you the great detail of our endeavors to complete this application. Essentially, through no particular fault of either state agency, we have struggled to close the USDA loan. During the extended time frame in which we have tried to get this loan closed with USDA, we have witnessed an extraordinary increase in construction costs, another subject matter in which I am sure your department is well versed. In attempt to offset the projected loss that we would have sustained, we applied and received a HOME loan for the project, which was approved in August of this year.

Since that time, our staff has worked diligently with all three agencies (USDA, TDHCA, & HOME) to try and complete all due diligence items. With the HOME loan came additional environmental clearance criteria, and the environmental review by HOME after submittal is a 30-day process. After this 30-day review, the HOME legal department must review and approve the file. With all of that, we fear that it would be nearly

HAMILTON VALLEY MANAGEMENT, INC.

impossible to close our HOME Loan, break ground on our site, and have spent 10% of our construction contract by the impending December 1st deadline.

Therefore, we humbly ask that this application for the building of 28 units of elderly housing in Zapata, Texas, be granted a 120-day extension for the commencement of substantial construction. We hope that the department would find this project suitable for such a request.

Should you have any questions regarding this or any other matter, please do not hesitate to contact me.

Respectfully,

Benjamin Farmer
Development Coordinator
Hamilton Valley Management, Inc.
(512) 756-6809 ext. 220
(512) 756-9885 fax
bfarmer@hamiltonvalley.com

HTC No. 05137

HAMILTON VALLEY MANAGEMENT, INC.

December 6, 2006

Mrs. Elizabeth Anderson
TDHCA Board
221 East 11th Street
Austin, Texas 78701

Re: Extension Request
HVM Zapata II, Ltd.
Los Ebanos Apartments
TDHCA File # 05137

Mrs. Anderson

In regards to the extension request for the Los Ebanos Apartments, Zapata, Texas, TDHCA File # 05137, we would like to formally request that the corresponding $2500 request fees be waived.

We would like to request this waiver in lieu of the fact that the Los Ebanos Apartments is a project that will be subsidized by three layers of financing; USDA-RD, TDHCA HTC, and TDHCA HOME funds. The complexity of closing the financing with these three agencies has proved to be quite a serious undertaking, and therein has pushed our construction date out significantly.

In addition, the small size of this project will make an additional $2500 extension request fee almost unbearable to the property. We feel that an un-anticipated fee like this could seriously jeopardize the feasibility of the projects completion.

We would hope that you would find this request satisfactory, and would in turn grant HVM Zapata II, LTD a waiver of the extension request fees.

Should you have any questions regarding this or any other matter, please do not hesitate to contact me.

Respectfully,

Benjamin Farmer
Member- HVM Housing LLC. - GP
Hamilton Valley Management, Inc.
(512) 756-6809 ext. 220

HTC No. 05159

SAN JUAN SQUARE, LTD.

818 SOUTH FLORES STREET
SAN ANTONIO, TEXAS 78204

RECEIVED
OCT 26 2006
LIHTC

October 23, 2006

BY FIRST CLASS MAIL

Ben Sheppard
Multifamily Finance Production
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA #05159; San Juan Square Apartments

Dear Mr. Sheppard:

On behalf of San Juan Square, Ltd., I request an extension to February 28, 2007 for the requirement described in Section 49.14(c) of the Rules that evidence of substantial construction activities for the San Juan Square Apartments (the "Project") be delivered to the Texas Department of Housing & Community Affairs by December 1, 2006.

The Project is being financed in part with Replacement Housing Factor Funds originally received from the United States Department of Housing & Urban Development ("HUD"). In order to close the financing for the Project, we must receive HUD approval. Appropriate forms were filed with HUD for such approval on May 23, 2006. Despite several meetings and multiple correspondence, we have not received HUD approval and do not anticipate receiving it until after December 1, 2006. Accordingly, we cannot close the financing and start substantial construction by December 1, 2006. It is currently anticipated that the closing will occur prior to the end of the year and that construction completion will occur prior to the end of 2007.

The extension fee is being sent to you under separate cover letter from Matt Shoemacher of NRP Properties.

Thank you for your consideration of this request to extend the deadline to begin substantial construction to February 28, 2007.

Henry A. Alvarez III, Secretary/Treasurer
San Antonio Housing Facility Corporation, sole member of SAHA San Juan Square, LLC, general partner of San Juan Square, Ltd.

40250382.1

HTC No. 05160

THE ALHAMBRA APARTMENTS, LTD.

818 SOUTH FLORES STREET
SAN ANTONIO, TEXAS 78204

October 23, 2006

RECEIVED
OCT 26 2006
LIHTC

BY FIRST CLASS MAIL

Ben Sheppard
Multifamily Finance Production
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA #05160; The Alhambra Apartments

Dear Mr. Sheppard:

On behalf of The Alhambra Apartments, Ltd., I request an extension to February 28, 2007 for the requirement described in Section 49.14(c) of the Rules that evidence of substantial construction activities for the The Alhambra Apartments (the "Project") be delivered to the Texas Department of Housing & Community Affairs by December 1, 2006.

The Project is being financed in part with Replacement Housing Factor Funds originally received from the United States Department of Housing & Urban Development ("HUD"). In order to close the financing for the Project, we must receive HUD approval. Appropriate forms were filed with HUD for such approval on May 23, 2006. Despite several meetings and multiple correspondence, we have not received HUD approval and do not anticipate receiving it until after December 1, 2006. Accordingly, we cannot close the financing and start substantial construction by December 1, 2006. It is currently anticipated that the closing will occur prior to the end of the year and that construction completion will occur prior to the end of 2007.

The extension fee is being sent to you under separate cover letter from Matt Shoemacher of NRP Properties.

Thank you for your consideration of this request to extend the deadline to begin substantial construction to February 28, 2007.

Henry A. Alvarez III, Secretary/Treasurer
San Antonio Housing Facility Corporation, sole member of SAHA The Alhambra, LLC, general partner of The Alhambra Apartments, Ltd.

40250431.1

Rcvd 11/20/06
BPS

HTC No. 05166

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

100 CONGRESS AVENUE
Suite 300
Austin, Texas 78701-4042

AUSTIN • DALLAS • HOUSTON • NEW ORLEANS • WASHINGTON, D.C.

(512) 305-4700
Fax: (512) 305-4800
www.lockeliddell.com

Direct Number: (512) 305-4707
email: cbast@lockeliddell.com

November 15, 2006

Ms. Robbye Meyer
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Hampton Port Apartments (the "**Project**")
TDHCA No. 05166
Request for Extension of Deadline for Commencement of Substantial Construction

Dear Robbye:

On behalf of Hampton Port, Ltd. (the "**Partnership**"), the Development Owner with respect to the above-referenced Project, we are submitting this letter to request an extension of the deadline for commencement of substantial construction. Enclosed please find a check in the amount of $2,500 for payment of the extension fee.

The reasons for the extension request are as follows:

1) The Project is an existing multifamily complex that the Corpus Christi Housing Authority (the "**Housing Authority**") acquired from HUD. The Housing Authority controls the general partner of the Partnership, and has entered into a ground lease with the Partnership in order for the Partnership to carry out the rehabilitation of the Project. The Project is subject to a Housing Assistance Payment (HAP) contract with HUD, and when the Partnership submitted its tax credit application for the Project to the Department, it was understood that the Partnership was waiting on HUD to provide a new schedule of rents for the Project. Underwriting for the financing that the Partnership was procuring to rehabilitate the Project could not be completed until the HUD rents were received. HUD very recently provided the new rents to the Partnership, thus allowing the underwriting process to continue. However, given the date on which HUD provided the new rents to the Partnership, it will not be possible for the Partnership to get the underwriting finalized, close on the financing, and meet the commencement of substantial construction threshold by December 1.

2) In addition, because of the Project's prior history with HUD, the deed by which the Project was conveyed to the Housing Authority contains some HUD-imposed restrictions regarding disposition or refinancing of the Project. Certain of the restrictions are monetary in nature, and thus have an impact on the underwriting and financing for the Project, which as noted above will require more time to address. Other deed restrictions require the Housing Authority and the Partnership to obtain HUD approval for certain aspects of the transaction, such as the assignment of the HAP contract to the Partnership. The Housing Authority and the Partnership require additional time to work through these

issues with HUD and the financing participants in order to be in a position to close on the financing and begin the rehabilitation work.

In light of the foregoing, the Partnership respectfully requests an extension of the commencement of substantial construction deadline to **January 31, 2007**. The Partnership feels confident that, even with the modified construction schedule, it will be able to complete the rehabilitation of the Project and place in service by the December 31, 2007 deadline.

Please confirm in writing the requested extension. If you need anything further in conjunction with this extension request, please let me know. We appreciate your assistance.

Sincerely,

Cynthia L. Bast CRR

Cynthia L. Bast

cc: Kevin Hamby
Jennifer Joyce
Richard J. Franco
Henry Flores

HTC No. 05179

ESSEX VILLAGES LP

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

November 13, 2006

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

Re: TDHCA 05179 & 08054, The Villages at Huntsville, Commencement of Substantial Construction Extension Request

Dear Mr. Gerber,

Essex Villages LP requests an extension to the Commencement of Substantial Construction due on December 1, 2006 for TDHCA 05179 & 08054, The Villages at Huntsville.

Our office submitted an application amendment on July 20, 2006, with new costs and plans which was approved on August 30, 2006. The start of construction will be by January 5, 2007 and construction completion will be by December 1, 2007.

Enclosed is a check in the amount of $2,500 for the extension fee.

If you have any questions, please contact our office at 512-249-6240.

Sincerely,

R. J. Collins
President of General Partner

HTC No. 05198

LOCKE LIDDELL & SAPP LLP
ATTORNEYS & COUNSELORS

100 CONGRESS
SUITE 300
AUSTIN, TX 78701-4042

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email: cbast@lockeliddell.com

November 30, 2006

NOV 30 REC'D

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

VIA HAND DELIVERY

Re: Olive Grove Manor (the "**Project**")
TDHCA File No.: 05198

Dear Robbye:

Our firm represents Olive Grove Manor, Ltd., which is the owner of the above referenced Project (the "**Owner**"). On behalf of the Owner, we are submitting this request for an extension of the deadline for commencement of substantial construction. Enclosed is a check in the amount of $2,500, payable to the Texas Department of Housing and Community Affairs, as payment for the extension request fee.

The Owner requires this extension because it has encountered delays in trying to secure water and sewer services for the Project. The Project is located in Harris County, but not in the City of Houston. Consequently, water and sewer service from the City is not readily available for the Project. To address this issue, the Owner initially set out to build a private water and sewer plant in order to service the Project. After completing a very lengthy application process to receive approval to build the private plant, the Owner was advised by Harris County that the water costs were going to be higher than anticipated because the private plant would require the use of ground water, rather than surface water. The Owner determined that the projected utility expenses for the Project residents would be too high as a result of the increased water costs. Therefore, it abandoned its plans to build the private plant and approached the City of Houston regarding the City's ability to provide water and sewer service for the Project. The City has agreed to provide the services. However, in order for the City to provide the services, additional water and sewer lines must be constructed, and the City is requiring the Owner to provide an engineering design that satisfies the standards of the City and Harris County. The engineering design is expected to be complete in early December. Once completed, the design still requires approval from the City and the County. The Owner will not be able to move forward with construction until the proper infrastructure and approvals for the utilities are in place.

In light of the foregoing, the Owner respectfully requests an extension of its commencement of substantial construction deadline to **March 1, 2007**. The Owner recognizes that granting the extension to this date will create a relatively short construction schedule. However, the Owner's development team has previously been successful in timely completing construction of tax credit projects within a condensed timeframe, and feels confident that, even with the modified construction schedule, it will be able to complete the construction of the Project and place in service by the December 31, 2007 deadline.

If you need any additional information regarding this request, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

Cynthia L. Bast/CPR

Cynthia L. Bast

cc: Elizabeth Young
Kevin Hamby
Jennifer Joyce

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
December 14, 2006

Action Item

Review and approval of the distribution of the PY 2007 Low Income Home Energy Assistance Program (LIHEAP) 1st quarter award and the holdover funding from PY 2006 for the Comprehensive Energy Assistance Program (CEAP), contract period January 1 to December 31, 2007.

Required Action

Staff recommends Board approval of the distribution of the CEAP portion of the PY 2007 LIHEAP grant award as well as the holdover funding from the PY 2006 Snowe Amendment by the formula detailed in 10 TAC §6.201-§6.214 and approved by HHS.

Background

The United States Department of Health and Human Services (HHS) awards LIHEAP funds annually to the State of Texas. On October 26, 2006, HHS awarded $37,527,582 to the State of Texas, based on a Continuing Resolution (CR). Congress has not completed the final FY 2007 Appropriations Bill. In addition the staff recommends inclusion of $8,400,510 in holdover from the PY 2006; the Department had elected to holdover 10% of the PY 2006 grant (increased by $38,276,836 due to the Snowe amendment) to alleviate the effects of uncertainty in funding by reserving funding for PY 2007. Historically, EA has allocated approximately 75% of available LIHEAP funding to the Comprehensive Energy Assistance Program (CEAP), the maximum allowable 15% to the Weatherization Assistance Program (WAP), and the remaining 10% to program administration, at both the subrecipient and state level, as allowed by HHS.

EA is requesting approval to obligate the CEAP portion (75%) of the 1st Quarter award based on the CR, the PY 2006 holdover, and the remaining CEAP portion of the PY 2007 LIHEAP appropriation by the U.S. Congress, and subsequent signature by the President.

CEAP Subrecipient Network

The CEAP subrecipient network is comprised of 50 agencies that provide utility assistance services to all 254 counties in the state.

CEAP can provide utility assistance to eligible client households. Additionally, some households can qualify for repair, replacement and/or retrofit of inefficient heating and cooling unit or appliances in their household or rental unit. An applicant seeking utility assistance applies to the CEAP subrecipient for assistance. The subrecipient determines income-eligibility, prioritizes status (this includes a review of the billing history to determine energy burden and consumption), and determines which CEAP component is the most appropriate for that eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP Subrecipient makes utility payment to utility company through a vendor agreement with that company.

Fund Allocation Procedure and Recommendation

Staff recommends the following:

Allocation of $38,738,780 (Approximately 85% of the 1st Quarter award and the holdover funding) to the 50 CEAP subrecipients by the formula approved in 10 TAC §6.201-§6.214 and approved by HHS. The remaining 15% of available funds will be distributed with the Weatherization Assistance Program (WAP) contracts which will be presented to the Board in the spring of 2007.

Effective: January 1, 2007

Contractor	Contract Number	Award Amount
Aspermont	587003	291,432
Bee CAA	587005	161,018
Bexar County	587006	2,331,866
Big Bend	587007	319,132
Brazos Valley	587009	941,021
Cameron & Willacy	587010	1,103,981
CAPROCK	587011	386,493
CTO	587012	439,848
Combined CAA	587014	308,892
CAC Victoria	587016	538,468
CA Corp. S. Texas	587017	245,829
CA Council S. Texas	587019	579,345
CAI Hays	587020	212,670
GETCAP	587021	1,550,261
CAP, Inc.	587022	291,068
CS of Northeast TX	587023	254,872
CC of Reeves	587025	145,606
CC of S. Central Texas	587026	766,401
CC of SW Texas	587027	446,661
CSA of South Texas	587029	319,856
CSI	587030	1,377,974
EAC Gulf Coast	587035	97,995
Rolling Plains	587036	626,376
EOAC Planning Region	587037	791,357
El Paso	587038	1,538,429
Ft. Worth	587039	1,614,372
Galveston County	587040	953,694
Hidalgo County	587042	1,672,018
Hill Country	587044	668,934
Webb County	587047	495,470
City Of Lubbock	587048	520,994
NETO, Inc.	587051	438,052
Nueces County	587052	655,407
Montgomery County	587053	326,229
Tx. Neighborhood Serv.	587054	531,842
Panhandle	587055	1,304,730
Pecos County	587056	165,774
PHS	587058	956,195
San Angelo	587060	213,644
SC of Texarkana	587063	205,722
Sheltering Arms	587064	4,783,862
South Plains	587066	326,964
Texoma	587068	358,125
Concho Valley CA	587069	375,004
Travis County HHS	587070	968,232
Tri-County CA, Inc.	587071	724,334
West Texas Opport.	587072	1,049,232
Williamson-Burnet	587073	170,136
Kleberg County	587085	319,318
Dallas County HHS	587102	2,873,645
Total to be awarded		38,738,780

COMMUNITY AFFAIRS DIVISION
COMMUNITY SERVICES BLOCK GRANT (CSBG) FUNDS

BOARD ACTION REQUEST
December 14, 2006

Action Item

Presentation, discussion, and possible approval of the allocation of FFY 2007 Community Services Block Grant (CSBG) funds and awarding of FFY 2007 CSBG contracts to CSBG eligible entities serving the low-income population in the State's 254 counties based on the allocation formula in 10 Texas Administrative Code, Chapter 5, Subchapter A., §5.6. Distribution of CSBG Funds. The 2007 CSBG contract cycle will commence January 1, 2007 and end December 31, 2007.

Required Action

Department staff recommends that the Board review and approve the Department's plan to allocate FFY 2007 CSBG funds and to award contracts to the 47 local eligible entities serving low-income populations and to 12 subrecipient organizations serving low-income migrant and seasonal farmworkers and Native-Americans. CSBG funds will be allocated in accordance with the CSBG Act and with the Department's Application to the U.S. Department of Health and Human Services (HHS) and as outlined in 10 Texas Administrative Code, Chapter 5, Subchapter A., §5.6. Distribution of CSBG Funds.

Background

The CSBG funds are to provide assistance to states and local communities, working through an established network of community action agencies and other neighborhood organizations, to reduce and ameliorate poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient.

Section 675C of the CSBG Act requires that not less than 90% of the CSBG funds made available to states be used to make grants to CSBG eligible entities to facilitate the provision of CSBG supported services to the low-income population. The Department has forty-seven (47) CSBG eligible entities providing services in all 254 counties. Section 675C also authorizes states to utilize CSBG funds to support statewide activities targeted to specific low-income population groups, including migrant and seasonal farmworkers and Native-Americans. The Department contracts with twelve (12) local organizations to serve low-income migrant and seasonal farmworkers and Native-Americans.

The HHS grant period for the FFY 2007 Community Services Block Grant commenced on October 1, 2006. At this time, the CSBG is operating under Continuing Resolution and on October 10, 2006, the Department received an award letter making available $4,586,439 of 2007 CSBG funds. This represents 15.2% of the State's 2006 CSBG allocation of $30,208,632. The final FFY 2007 allocations to states will be determined at a later date by Congress.

In order to proceed with executing FFY 2007 CSBG contracts, the Department will estimate the FFY 2007 CSBG state allocation based on FFY 2006 funding of $30.2 million. The Department will obligate 2007 CSBG funds to CSBG eligible entities and to organizations serving migrant and seasonal farmworkers and Native-Americans based on the FFY 2006 CSBG funding level, utilizing the CSBG fund distribution formula in 10 Texas Administrative Code, Chapter 5, Subchapter A., §5.6. The Department will make funds available on a quarterly basis and adjust the allocation based on the Continuing Resolutions or the final allocation. Any increases or decreases in funding will be applied proportionately to CSBG eligible entities as required by the CSBG Act and the CSBG Grant's Terms and Conditions. Any increases or decreases in CSBG funding will also be applied proportionately to organizations serving migrant and seasonal farmworkers and Native-Americans.

Recommendation

Staff recommends Board approval of the Department's plan to allocate FFY 2007 CSBG funds and award FFY 2007 CSBG contracts to the 47 local eligible entities serving the low-income population and to 12 subrecipient organizations serving low-income migrant and seasonal farmworkers and Native-Americans in accordance with the CSBG Act and utilizing the CSBG fund distribution formula in 10 Texas Administrative Code, Chapter 5, Subchapter A., §5.6.

Attachments:
Texas' Estimated FFY 2007 CSBG Allocations
10 Texas Administrative Code, Chapter 5, Subchapter A., §5.6.

CSBG rules 10 Texas Administrative Code, Chapter 5, Subchapter A.,

§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.).

Texas Estimated FFY 2007 CSBG Allocations

No.	CSBG ELIGIBLE ENTITY SUBRECIPIENT:	FY 2007 CSBG Allocation
1	Aspermont Small Business Development Center	$150,000
2	Austin, City	$803,132
3	Bee Community Action Agency	$249,242
4	Big Bend Community Action Committee	$150,000
5	Brazos Valley Community Action Agency	$861,501
6	Cameron & Willacy Counties community Projects	$900,915
7	Caprock Community Action Association	$175,900
8	Community Action Social Services & Education (CASSE)	$179,939
9	Central TX Opportunities	$216,036
10	Combined Community Action	$187,895
11	Community Action Corp. of South Texas	$227,438
12	Community Action Council of South Texas	$327,851
13	Community Action Council of Victoria	$298,668
14	Community Action Inc. of Hays, Caldwell, & Blanco	$202,581
15	Community Action Program Inc. (Taylor)	$221,975
16	Community Council of Reeves	$183,000
17	Community Council of South Central TX	$503,365
18	Community Council of Southwest TX	$284,698
19	Community Services, Inc.	$884,098
20	Concho Valley Community Action Agency	$254,407
21	Community Services of Northeast Texas	$259,406
22	Community Services Agency of South Texas	$150,000
23	Dallas Urban League	$2,155,362
24	Economic Action Committee of the Gulf Coast	$150,000
25	El Paso Community Action Program	$1,272,051
26	EOAC of Planning Region XI	$493,983
27	Fort Worth, City	$1,127,467
28	Galveston County Community Action Council	$726,220
29	Greater East Texas Community Action Program (GETCAP)	$934,903
30	Gulf Coast Community Services Association	$3,810,150
31	Hidalgo County Community Services Agency	$1,410,016
32	Hill Country Community Action Association	$427,824
33	Lubbock, City	$364,445
34	Northeast TX Opportunities	$238,420
35	Nueces County Community Action Agency	$504,667
36	Panhandle Community Services	$587,771
37	Pecos County Community Action Agency	$150,000
38	Rolling Plains Management Corp.	$313,500
39	San Antonio, City of, Community Action Division	$1,861,229
40	South Plains Community Action Association	$198,957
41	Southeast TX Regional Planning Commission	$541,079
42	Texas Neighborhood Services	$344,270

Texas Estimated FFY 2007 CSBG Allocations

No.	CSBG ELIGIBLE ENTITY SUBRECIPIENT:	FY 2007 CSBG Allocation
43	Texoma Council of Governments	$215,994
44	Tri-County Community Action	$396,740
45	Webb County Community Action Agency	$466,617
46	West Tx Opportunities	$647,594
47	Williamson-Burnet County Opportunities	$176,463
	Total	**$27,187,769**

No.	NATIVE AMERICAN SUBRECIPIENT:	FY 2007 CSBG Allocation
1	Alabama Coushata	$60,834
2	Dallas Inter-Tribal	$109,559
3	Kickapoo Traditional Tribe	$48,734
	Total	**$219,127**

No.	MIGRANT SEASONAL FARMWORKER SUBRECIPIENT:	FY 2007 CSBG Allocation
1	Associacion Pro Servicios	$105,538
2	Cameron & Willacy Counties	$60,066
3	Community Action Social Service Agency (CASSE)	$49,237
4	Community Council of South Central Texas	$93,903
5	Community Council of Southwest Texas	$72,351
6	Community Service Agency of South Texas	$14,927
7	Guadalupe Economic Services Corp.	$180,405
8	Hidalgo, County of	$86,437
9	Sin Fronteras	$107,995
	Total	**$665,321**

Total CSBG Allocation to Subrecipients **$28,072,217**

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST

DECEMBER 14, 2006

Action Items

Department staff will present the FY 2007 Amended Operating Budget for the Board's consideration and approval.

Required Action

The Board approve the attached FY 2007 Amended Operating Budget.

Background

On July 28, 2006, the Board approved a $21.2 million internal operating budget. The budget included a 3% cost of living increase; no increase for in-state or out-of-state travel; additional professional development for staff and competitive salaries/wages to retain a skilled workforce.

Today we are presenting for consideration and approval an amended FY 2007 operating budget effective January 1, 2007 thru August 31, 2007. The budget includes the implementation of an organizational restructure that includes a new HOME Division and the addition of a Deputy General Counsel responsible for rules and enforcement.

The amended budget begins with the $21.2 million baseline and simply realigns its structure and its "method of finance" for the remaining 8 months. There is an amendment of $294,725 for additional Community Development Block Grant expenses such as staff salaries, travel and professional fee costs for FY 2007. These expenses are consistent with the State of Texas Action Plan for CDBG approved by the Board in August 2006. This amendment increases the budget to $21,544,301.

For additional information regarding the agency's reorganization, please refer to "Agency Plan and Restructure Summary" on the following page.

Recommendation

The Board approve the amended Budget.

Agency Plan and Restructure Summary

On October 27, the Executive Team presented a plan (to Department staff) that outlined and clarified the team's mission and vision. The plan emphasized closer alignment with the Department's Board, the Legislature, and the Governor. The plan also included the following goals:

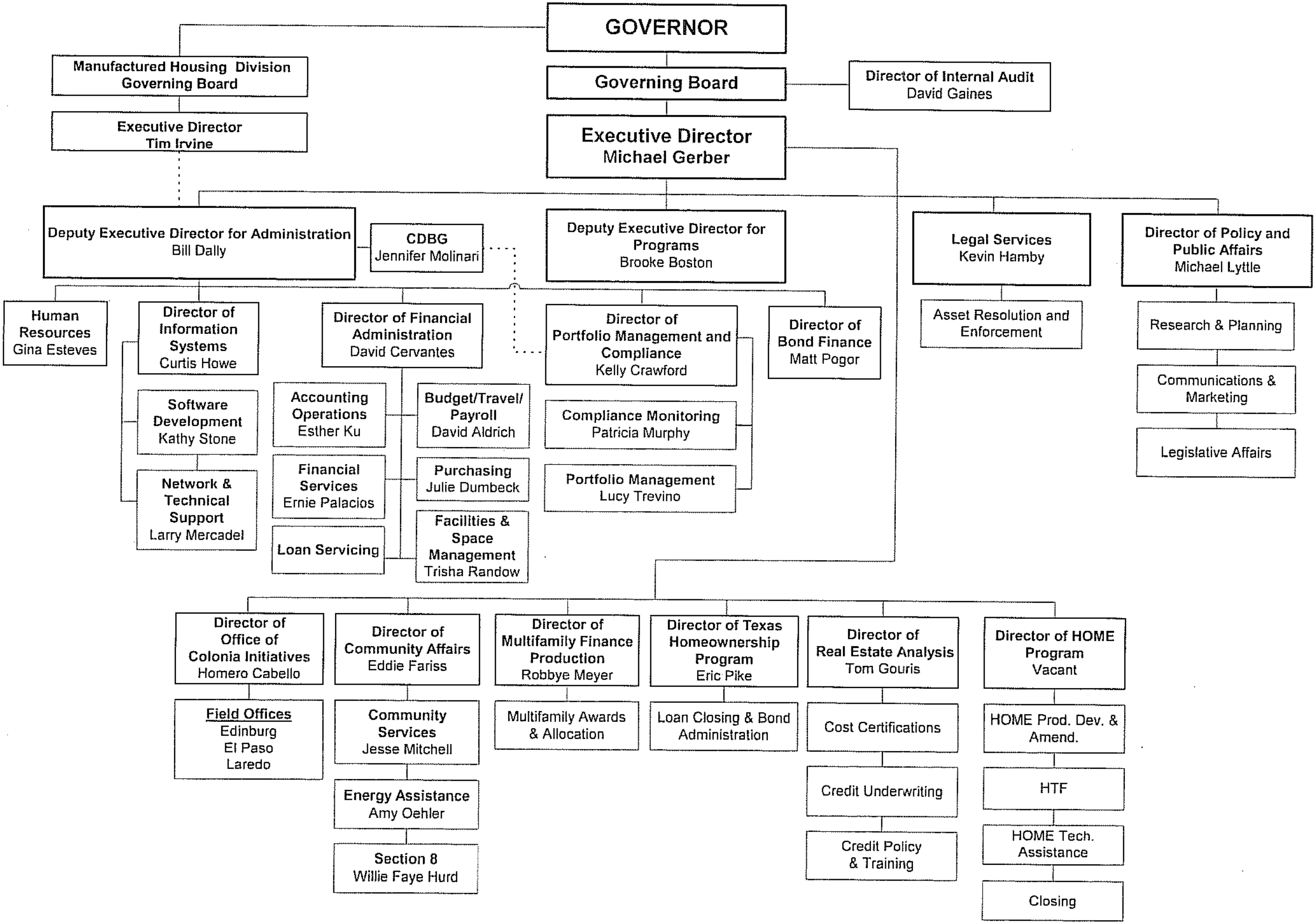
- Closer coordination and collaboration on planning and operational documents;
- Performance of divisions and employees tied clearly to Department's mission;
- Continually working to improve the Department's image, including more emphasis on homeownership and improving the image of multifamily housing;
- Strengthening and improving the HOME Program – Striving to be in the Top 20 nationally;
- Ongoing emphasis on financial stewardship and self-assessment of risk;
- Improving the delivery of products/resources and;
- Ensuring that every staff member understands their own unique role in "the big picture."

To obtain these goals, the Department implemented an organizational restructure consistent with Texas Government Code 2306.052 (d) to the following divisions:

1. **Real Estate Analysis Division** –
    - Move one employee to the Legal Division to perform asset resolution and enforcement work
2. **Legal Division** –
    - Addition of Deputy General Counsel to handle rules, asset resolution and enforcement
3. **Portfolio Management and Compliance Division** –
    - Previous Portfolio Analysis section integrated into the Portfolio Management section
    - Several other employees shifted into new areas within PMC
4. **Existing Single Family Division disbanded – Two new divisions created:**
    - Texas Homeownership Program
        - Includes Texas State Homebuyer Education Program
        - Primarily previous SF Finance Production staff
    - HOME Program Division
        - Previous SF HOME staff and staff from three other divisions (MF, OCI, PMC)
        - Director – Vacant
5. **Bond Finance Division** –
    - Realigned under Agency Administration
6. ***New* Community Development Block Grant section within PMC Division**

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

(298)



Thursday, November 30, 2006

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

FY 2007 Amended OPERATING BUDGET

(January 1, 2007 through August 31, 2007)

December 14, 2006

Prepared by the Financial Administration Division

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
AGENCY WIDE

BUDGET CATEGORIES	8 Month Budget Begin Jan 1, 2007	4 Month Budget Thru Dec 31, 2006	Original 12 Month Budget at Sept 1, 2006	Additional Budget CDBG IAC with ORCA
Salaries	8,733,348	4,524,957	13,258,304	121,728
Payroll Related Costs	2,008,670	1,040,740	3,049,410	27,997
Travel In-State	387,187	113,400	500,587	25,000
Travel Out-of-State	74,315	26,000	100,315	0
Professional Fees	1,669,744	306,406	1,976,150	120,000
Materials/Supplies	303,496	107,251	410,747	0
Repairs/Maintenance	248,212	120,315	368,527	0
Printing and Reproduction	55,498	27,194	82,692	0
Rental/Lease	129,975	64,018	193,993	0
Membership Dues	31,620	47,305	78,925	0
Staff Development, Fees and Other Charges	244,912	107,457	352,369	0
Employee Tuition	9,504	3,696	13,200	0
Advertising	47,334	23,166	70,500	0
Freight/Delivery	20,200	9,851	30,050	0
Temporary Help	146,583	53,573	200,156	0
Furniture/Equipment	54,608	11,444	66,051	0
Communications/Utilities	163,802	80,677	244,478	0
Capital Outlay	200,000	0	200,000	0
State Office of Risk Management	0	53,122	53,122	0
Total Department	14,529,006	6,720,570	21,249,576	294,725
Method of Finance				
General Revenue	779,174	221,224	1,000,398	
Earned Federal Funds	694,058	215,088	909,146	
Appropriated Receipts (Fund 896)	8,039,218	2,743,095	10,782,313	
Appropriated Receipts (MH - Fund 001)	302,041	188,465	490,506	
Federal Funds	4,664,097	3,319,163	7,983,260	
Interagency Contract (ORCA/OCI)	50,419	33,534	83,953	
Subtotal	14,529,006	6,720,570	21,249,576	
Interagency Contract (ORCA/CDBG)				294,725
Total, Method of Finance	14,529,006	6,720,570	21,249,576	294,725

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
AGENCY WIDE
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	GENERAL REVENUE	EARNED FEDERAL FUNDS	FEDERAL FUNDS	SINGLE FAMILY BOND ADMIN FEES	MULTI FAMILY BOND ADMIN FEES	LIHTC	AHDP	COLONIA IAC with ORCA	MH SUPPORT	SUBTOTAL DEPARTMENT	CDBG IAC with ORCA	TOTAL DEPARTMENT
Salaries	353,768	487,345	2,833,544	2,060,583	195,494	2,422,687	93,373	40,991	245,562	8,733,348	121,728	8,855,076
Payroll Related Costs	81,367	112,089	651,715	473,934	44,964	557,218	21,476	9,428	56,479	2,008,670	27,997	2,036,667
Travel In-State	66,600	10,100	148,162	71,013	2,200	89,113	0	0	0	387,187	25,000	412,187
Travel Out-of-State	12,492	3,500	13,650	18,093	3,525	19,975	3,080	0	0	74,315	0	74,315
Professional Fees	91,053	2,700	512,985	343,092	81,682	256,081	382,150	0	0	1,669,744	120,000	1,789,744
Materials/Supplies	30,032	12,588	138,023	51,226	7,710	53,812	10,104	0	0	303,496	0	303,496
Repairs/Maintenance	23,459	12,268	104,700	40,428	6,939	47,252	13,166	0	0	248,212	0	248,212
Printing and Reproduction	7,408	2,386	11,246	17,032	792	12,423	4,211	0	0	55,498	0	55,498
Rental/Lease	22,187	3,259	35,756	34,463	2,574	26,250	5,486	0	0	129,975	0	129,975
Membership Dues	1,836	1,692	14,199	7,611	369	5,380	534	0	0	31,620	0	31,620
Staff Development, Fees and Other Charges	27,789	23,483	42,398	75,291	9,983	58,176	7,792	0	0	244,912	0	244,912
Employee Tuition	2,299	1,688	1,340	2,448	415	1,313	0	0	0	9,504	0	9,504
Advertising	2,214	984	2,412	39,895	449	1,380	0	0	0	47,334	0	47,334
Freight/Delivery	3,595	958	3,982	7,109	352	4,070	136	0	0	20,200	0	20,200
Temporary Help	25,305	5,988	41,947	28,878	9,135	34,389	940	0	0	146,583	0	146,583
Furniture/Equipment	5,265	2,488	15,353	13,909	1,363	13,586	2,643	0	0	54,608	0	54,608
Communications/Utilities	22,505	10,542	29,685	41,608	5,778	42,090	11,593	0	0	163,802	0	163,802
Capital Outlay	0	0	63,000	37,000	0	100,000	0	0	0	200,000	0	200,000
State Office of Risk Management	0	0	0	0	0	0	0	0	0	0	0	0
Total Department	779,174	694,058	4,664,097	3,363,613	373,726	3,745,194	556,685	50,419	302,041	14,529,006	294,725	14,823,732

Texas Department of Housing and Community Affairs
FTEs by Division
Internal Operating Budget
Fiscal Year 2007

	Amended Budget	Original Budget	Variance
Executive Administration:			
Executive Office	5.00	5.00	0.00
Legal Services	8.00	6.00	2.00
Internal Audit	4.00	4.00	0.00
Policy and Public Affairs	12.00	13.00	-1.00
Total, Executive Administration	29.00	28.00	1.00
Agency Administration:			
Human Resources	4.00	5.00	-1.00
Facilities	4.00	5.00	-1.00
Information Services	18.00	19.00	-1.00
Director's Office of Financial Administration	6.00	6.00	0.00
Accounting Operations	12.00	12.00	0.00
Financial Services	15.00	15.00	0.00
Purchasing	4.00	4.00	0.00
Portfolio Management and Compliance	45.00	44.00	1.00
Bond Finance	4.00	4.00	0.00
Total, Agency Administration	112.00	114.00	-2.00
Housing Programs Division:			
HOME Program	13.00		13.00
Office of Colonia Initiatives	7.00	8.00	-1.00
Division Administration-Community Affairs	3.00	3.00	0.00
Community Services	15.00	15.00	0.00
Energy Assistance	16.00	16.00	0.00
Section 8	7.00	7.00	0.00
Multi Family Finance Production	12.00	14.00	-2.00
Texas Homeownership Program	5.00	13.00	-8.00
Real Estate Analysis	10.00	11.00	-1.00
Total, Housing Programs Division	88.00	87.00	1.00
Subtotal, Housing and Community Affairs	229.00	229.00	0.00
Manufactured Housing	64.00	64.00	0.00
MDSI Contracted FTEs	5.00	5.00	0.00
Total, Authorized FTEs per the General Appropriations Act (GAA)	298.00	298.00	0.00
CDBG Disaster Assistance FTEs as authorized in Art IX, Sec 6.14, (g) (In PMC Budget)	1.00		1.00
Total, Agency Wide	299.00	298.00	1.00

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
EXECUTIVE ADMINISTRATION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC	AHDP	HOME
Salaries	1,318,850	41,637	514,874	33,851	638,291	0	90,198
					0		
Travel In-State	62,675	5,100	24,538	0	28,538	0	4,500
Travel Out-of-State	17,600	2,200	5,720	0	8,330	0	1,350
Professional Fees	150,500	0	150,250	0	250	0	0
Materials/Supplies	40,528	3,871	16,276	0	17,467	0	2,915
Repairs/Maintenance	23,231	2,704	8,800	0	9,908	0	1,819
Printing and Reproduction	13,732	436	6,400	0	3,480	0	3,416
Rental/Lease	22,119	760	10,279	0	10,549	0	531
Membership Dues	6,030	1,223	1,759	0	2,948	0	101
Staff Development, Fees and Other Charges	52,425	6,966	18,336	0	25,398	0	1,726
Employee Tuition	1,809	1,085	0	0	724	0	0
Advertising	903	180	302	0	422	0	0
Freight/Delivery	4,957	623	1,675	0	2,559	0	101
Temporary Help	21,855	716	10,067	0	9,278	0	1,794
Furniture/Equipment	6,636	648	2,559	0	3,152	0	277
Communications/Utilities	22,853	3,165	7,831	0	10,289	0	1,568
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0	0	0
Total	1,766,703	71,313	779,665	33,851	771,581	0	110,294

Note:
Executive Administration Includes:
- Executive Office
- Board
- Legal Services
- Internal Audit
- Policy and Public Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EXECUTIVE OFFICE
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	299,474	0	73,058	7,004	219,412
Travel In-State	18,000	4,500	2,700		10,800
Travel Out-of-State	8,800	2,200	1,320		5,280
Professional Fees	0	0	0		0
Materials/Supplies	5,381	1,345	807		3,229
Repairs/Maintenance	3,968	992	595		2,381
Printing and Reproduction	723	181	108		434
Rental/Lease	1,041	260	156		625
Membership Dues	1,675	419	251		1,005
Staff Development, Fees and Other Charges	14,624	3,656	2,194		8,775
Employee Tuition	0	0	0		0
Advertising	0	0	0		0
Freight/Delivery	2,010	503	302		1,206
Temporary Help	1,862	466	279		1,117
Furniture/Equipment	1,548	387	232		929
Communications/Utilities	6,759	1,690	1,014		4,055
Capital Outlay	0	0	0		0
State Office of Risk Management	0				
Total	365,866	16,598	83,017	7,004	259,247

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES		LIHTC
Salaries					
Payroll Related Costs					
Travel In-State	14,900		7,450		7,450
Travel Out-of-State	1,600		800		800
Professional Fees	500		250		250
Materials/Supplies	1,354		677		677
Repairs/Maintenance	670		335		335
Printing and Reproduction	359		180		180
Rental/Lease	1,340		670		670
Membership Dues	670		335		335
Staff Development, Fees and Other Charges	14,070		7,035		7,035
Employee Tuition	0		0		0
Advertising	335		168		168
Freight/Delivery	2,010		1,005		1,005
Temporary Help	10,050		5,025		5,025
Furniture/Equipment	670		335		335
Communications/Utilities	0		0		0
Capital Outlay	0				
State Office of Risk Management					
Total	48,528	0	24,264	0	24,264

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
LEGAL SERVICES
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	AHDP	LIHTC
Salaries	385,345	0	188,309	0	197,035
Travel In-State	2,775		1,388		1,388
Travel Out-of-State	2,700		1,350		1,350
Professional Fees	150,000		150,000		
Materials/Supplies	17,210		8,605		8,605
Repairs/Maintenance	5,841		2,921		2,921
Printing and Reproduction	583		292		292
Rental/Lease	1,666		833		833
Membership Dues	1,340		670		670
Staff Development, Fees and Other Charges	7,058		3,529		3,529
Employee Tuition	0		0		0
Advertising	268		134		134
Freight/Delivery	402		201		201
Temporary Help	3,180		1,590		1,590
Furniture/Equipment	2,076		1,038		1,038
Communications/Utilities	4,918		2,459		2,459
Capital Outlay	0		0		0
State Office of Risk Management	0				
Total	585,361	0	363,318	0	222,044

Budget Transfer Detail Increasing the Legal Section

BUDGET CATEGORIES	Transferred From REA	Transferred From HR	Original 12 Month Budget Prorated to 8 Months	Agency Wide Costs Distributed by FTE	Total Legal Budget
Salaries	39,382	64,640	281,323		385,345
Travel In-State			2,775	0	2,775
Travel Out-of-State			2,700	0	2,700
Professional Fees			150,000	0	150,000
Materials/Supplies			11,850	5,360	17,210
Repairs/Maintenance			134	5,707	5,841
Printing and Reproduction			0	583	583
Rental/Lease			0	1,666	1,666
Membership Dues			1,340	0	1,340
Staff Development, Fees and Other Charges			5,427	1,631	7,058
Employee Tuition			0	0	0
Advertising			268	0	268
Freight/Delivery			402	0	402
Temporary Help			2,345	835	3,180
Furniture/Equipment			1,206	870	2,076
Communications/Utilities			0	4,918	4,918
Capital Outlay			0	0	0
State Office of Risk Management			0	0	0
Total	39,382	64,640	459,770	21,570	585,361

Transfer Detail:	FTEs
Original Legal FTEs	6.0
Human Resources	1.0
Real Estate Analysis	1.0
Total	8.0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	AHDP	MANUFACT. HOUSING APP REC	LIHTC
Salaries	155,283	41,637	0	15,153	98,493
Travel In-State	1,000	600			400
Travel Out-of-State	0	0			0
Professional Fees	0	0			0
Materials/Supplies	4,209	2,525			1,684
Repairs/Maintenance	2,853	1,712			1,141
Printing and Reproduction	425	255			170
Rental/Lease	833	500			333
Membership Dues	1,340	804			536
Staff Development, Fees and Other Charges	5,516	3,310			2,206
Employee Tuition	1,809	1,085			724
Advertising	300	180			120
Freight/Delivery	200	120			80
Temporary Help	417	250			167
Furniture/Equipment	435	261			174
Communications/Utilities	2,459	1,475			984
Capital Outlay	0	0			0
State Office of Risk Management	0	0			0
Total	177,079	54,715	0	15,153	107,212

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
POLICY AND PUBLIC AFFAIRS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC	HOME
Salaries	478,748	0	253,507	11,694	123,350	90,198
	0		0		0	0
Travel In-State	26,000		13,000		8,500	4,500
Travel Out-of-State	4,500		2,250		900	1,350
Professional Fees	0		0		0	0
Materials/Supplies	12,374		6,187		3,272	2,915
Repairs/Maintenance	9,899		4,950		3,131	1,819
Printing and Reproduction	11,642		5,821		2,405	3,416
Rental/Lease	17,239		8,620		8,089	531
Membership Dues	1,005		503		402	101
Staff Development, Fees and Other Charges	11,157		5,579		3,853	1,726
Employee Tuition	0		0		0	0
Advertising	0		0		0	0
Freight/Delivery	335		168		67	101
Temporary Help	6,346		3,173		1,379	1,794
Furniture/Equipment	1,907		954		676	277
Communications/Utilities	8,717		4,359		2,791	1,568
Capital Outlay	0		0		0	0
State Office of Risk Management	0		0		0	0
Total	589,868	0	309,067	11,694	158,814	110,294

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
AGENCY ADMINISTRATION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC	SINGLE FAMILY HOME	AHDP	PMC FEDERAL FUNDS	PMC MULTI FAMILY BOND ADMIN FEES	CDBG IAC with ORCA
Salaries	4,324,624	178,334	445,708	1,200,475	211,711	1,198,232	65,656	93,373	809,408	0	121,728
Travel In-State	156,950	5,450	5,000	23,375	0	55,025	0	0	43,100	0	25,000
Travel Out-of-State	20,635	1,200	1,300	9,835	0	5,220	0	3,080	0	0	0
Professional Fees	867,950	0	2,700	64,800	0	183,800	0	382,150	114,500	0	120,000
Materials/Supplies	95,923	11,294	8,717	26,377	0	25,490	0	10,104	13,940	0	0
Repairs/Maintenance	88,205	10,698	9,564	25,364	0	29,113	0	13,166	300	0	0
Printing and Reproduction	18,669	1,183	1,951	3,588	0	7,736	0	4,211	0	0	0
Rental/Lease	38,207	3,480	2,499	8,318	0	11,169	0	5,486	7,256	0	0
Membership Dues	11,852	496	469	5,116	0	1,862	0	534	3,375	0	0
Staff Development, Fees and Other Charges	118,866	13,002	16,517	47,583	0	23,973	0	7,792	10,000	0	0
Employee Tuition	3,809	1,200	603	2,006	0	0	0	0	0	0	0
Advertising	7,102	623	804	5,424	0	251	0	0	0	0	0
Freight/Delivery	5,193	375	335	2,707	0	640	0	136	1,000	0	0
Temporary Help	55,588	8,685	5,272	13,938	0	14,253	0	940	12,500	0	0
Furniture/Equipment	24,170	1,861	1,840	8,819	0	9,007	0	2,643	0	0	0
Communications/Utilities	76,467	7,845	7,377	24,558	0	24,793	0	11,593	300	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0	0	0	0	0	0	0
Total	5,914,210	245,726	510,656	1,472,282	211,711	1,590,563	65,656	535,209	1,015,679	0	266,728

Note:
Agency Administration Includes:
- Human Resources
- Information Systems
- Financial Administration
- Portfolio Management and Compliance
- Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HUMAN RESOURCES
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	AHDP	LIHTC	MANUFACT. HOUSING APP REC
Salaries	150,817	0	36,024	89,227	25,566
Travel In-State	500			500	
Travel Out-of-State	0			0	
Professional Fees	6,800			6,800	
Materials/Supplies	4,201			4,201	
Repairs/Maintenance	3,054			3,054	
Printing and Reproduction	452			452	
Rental/Lease	833			833	
Membership Dues	780			780	
Staff Development, Fees and Other Charges	5,184			5,184	
Employee Tuition	0			0	
Advertising	0			0	
Freight/Delivery	235			235	
Temporary Help	3,417			3,417	
Furniture/Equipment	935			935	
Communications/Utilities	2,459			2,459	
Capital Outlay	0			0	
State Office of Risk Management	0				
Total	179,666	0	36,024	118,077	25,566

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INFORMATION SYSTEMS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	737,723	77,102	252,375	72,107	336,138
Travel In-State	8,500	4,250	2,125		2,125
Travel Out-of-State	2,400	1,200	600		600
Professional Fees	0	0	0		0
Materials/Supplies	19,169	9,585	4,792		4,792
Repairs/Maintenance	17,732	8,866	4,433		4,433
Printing and Reproduction	1,850	925	462		462
Rental/Lease	5,960	2,980	1,490		1,490
Membership Dues	670	335	168		168
Staff Development, Fees and Other Charges	23,770	11,885	5,943		5,943
Employee Tuition	0	0	0		0
Advertising	1,005	503	251		251
Freight/Delivery	670	335	168		168
Temporary Help	13,269	6,635	3,317		3,317
Furniture/Equipment	2,359	1,180	590		590
Communications/Utilities	12,740	6,370	3,185		3,185
Capital Outlay	0		0		0
State Office of Risk Management	0	0	0		
Total	847,817	132,149	279,899	72,107	363,661

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	SINGLE FAMILY HOME	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	1,524,580	445,708	753,809	44,138	65,656	114,038	101,231
			0	0		0	
Travel In-State	21,450	5,000	14,750	500	0	0	1,200
Travel Out-of-State	6,135	1,300	4,835	0	0	0	0
Professional Fees	63,500	2,700	60,800	0	0	0	0
Materials/Supplies	29,367	8,717	17,600	1,340	0	0	1,710
Repairs/Maintenance	31,351	9,564	18,078	1,877	0	0	1,832
Printing and Reproduction	5,278	1,951	2,565	504	0	0	259
Rental/Lease	9,611	2,499	5,995	618	0	0	500
Membership Dues	3,692	469	2,948	114	0	0	161
Staff Development, Fees and Other Charges	54,926	16,517	36,134	1,158	0	0	1,117
Employee Tuition	3,407	603	1,604	0	0	0	1,200
Advertising	1,407	804	482	0	0	0	121
Freight/Delivery	1,608	335	1,199	34	0	0	40
Temporary Help	23,634	5,272	10,203	6,109	0	0	2,050
Furniture/Equipment	13,163	1,840	7,125	3,518	0	0	681
Communications/Utilities	28,186	7,377	17,574	1,759	0	0	1,475
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0	0	0
Total	1,821,295	510,656	955,702	61,667	65,656	114,038	113,577

Note:
Financial Administration Includes:
Director's Office
Accounting Operations
Financial Services
Purchasing
Facilities and Space Management

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
DIRECTOR'S OFFICE of FINANCIAL ADMINISTRATION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	274,587	79,279	111,693	0	0	30,762	52,853
Travel In-State	7,000		7,000				
Travel Out-of-State	2,500		2,500				
Professional Fees	3,000		3,000				
Materials/Supplies	4,697		4,697				
Repairs/Maintenance	4,280		4,280				
Printing and Reproduction	796		796				
Rental/Lease	1,920		1,920				
Membership Dues	670		670				
Staff Development, Fees and Other Charges	3,233		3,233				
Employee Tuition	402		402				
Advertising	402		402				
Freight/Delivery	469		469				
Temporary Help	1,163		1,163				
Furniture/Equipment	987		987				
Communications/Utilities	4,023		4,023				
Capital Outlay	0		0				
State Office of Risk Management	0		0				0
Total	310,129	79,279	147,235	0	0	30,762	52,853

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ACCOUNTING OPERATIONS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC
Salaries	449,217	366,428	33,045	0	0	49,744
Travel In-State	5,000	5,000				
Travel Out-of-State	1,300	1,300				
Professional Fees	2,700	2,700				
Materials/Supplies	8,717	8,717				
Repairs/Maintenance	9,564	9,564				
Printing and Reproduction	1,951	1,951				
Rental/Lease	2,499	2,499				
Membership Dues	469	469				
Staff Development, Fees and Other Charges	16,517	16,517				
Employee Tuition	603	603				
Advertising	804	804				
Freight/Delivery	335	335				
Temporary Help	5,272	5,272				
Furniture/Equipment	1,840	1,840				
Communications/Utilities	7,377	7,377				
Capital Outlay	0	0				
State Office of Risk Management	0	0				
Total	514,165	431,376	33,045	0	0	49,744

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCIAL SERVICES
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	BOND ADMIN FEES	EARNED FEDERAL FUNDS	SINGLE FAMILY HOME
Salaries	547,660	482,004	0	65,656
Travel In-State	6,450	6,450		
Travel Out-of-State	2,335	2,335		
Professional Fees	57,800	57,800		
Materials/Supplies	10,423	10,423		
Repairs/Maintenance	10,700	10,700		
Printing and Reproduction	1,092	1,092		
Rental/Lease	3,124	3,124		
Membership Dues	2,057	2,057		
Staff Development, Fees and Other Charges	30,999	30,999		
Employee Tuition	402	402		
Advertising	0	0		
Freight/Delivery	670	670		
Temporary Help	1,565	1,565		
Furniture/Equipment	2,166	2,166		
Communications/Utilities	10,809	10,809		
Capital Outlay	0	0		
State Office of Risk Management	0	0		
Total	688,252	622,596	0	65,656

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PURCHASING
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC
Salaries	138,529	37,540	83,714			17,274
Travel In-State	2,000	1,200	800			
Travel Out-of-State	0	0	0			
Professional Fees	0	0	0			
Materials/Supplies	2,850	1,710	1,140			
Repairs/Maintenance	3,054	1,832	1,222			
Printing and Reproduction	431	259	172			
Rental/Lease	833	500	333			
Membership Dues	268	161	107			
Staff Development, Fees and Other Charges	1,861	1,117	744			
Employee Tuition	2,000	1,200	800			
Advertising	201	121	80			
Freight/Delivery	67	40	27			
Temporary Help	3,417	2,050	1,367			
Furniture/Equipment	1,135	681	454			
Communications/Utilities	2,459	1,475	984			
Capital Outlay	0	0				
State Office of Risk Management	0	0				
Total	159,105	49,885	91,945	0	0	17,274

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FACILITIES AND SPACE MANAGEMENT
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	MANUFACT. HOUSING APP REC
Salaries	114,588	10,838	43,354	44,138	16,258
Travel In-State	1,000		500	500	
Travel Out-of-State	0		0	0	
Professional Fees	0		0	0	
Materials/Supplies	2,680		1,340	1,340	
Repairs/Maintenance	3,753		1,877	1,877	
Printing and Reproduction	1,009		504	504	
Rental/Lease	1,235		618	618	
Membership Dues	228		114	114	
Staff Development, Fees and Other Charges	2,316		1,158	1,158	
Employee Tuition	0		0	0	
Advertising	0		0	0	
Freight/Delivery	67		34	34	
Temporary Help	12,217		6,109	6,109	
Furniture/Equipment	7,035		3,518	3,518	
Communications/Utilities	3,518		1,759	1,759	
Capital Outlay	0		0	0	
State Office of Risk Management	0		0		
Total	149,645	10,838	60,882	61,667	16,258

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PORTFOLIO MANAGEMENT and COMPLIANCE
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	CDBG IAC with ORCA	HOME	MULTI FAMILY BOND ADMIN FEES	AHDP	TAX CREDIT
Salaries	1,717,214	121,728	809,408	0	57,349	728,728
Travel In-State	120,000	25,000	43,100			51,900
Travel Out-of-State	7,700				3,080	4,620
Professional Fees	793,650	120,000	114,500		382,150	177,000
Materials/Supplies	39,201		13,940		10,104	15,157
Repairs/Maintenance	33,215		300		13,166	19,749
Printing and Reproduction	10,528				4,211	6,317
Rental/Lease	20,970		7,256		5,486	8,228
Membership Dues	4,710		3,375		534	801
Staff Development, Fees and Other Charges	29,480		10,000		7,792	11,688
Employee Tuition	0				0	0
Advertising	0				0	0
Freight/Delivery	1,340		1,000		136	204
Temporary Help	14,851		12,500		940	1,411
Furniture/Equipment	6,608				2,643	3,965
Communications/Utilities	29,283		300		11,593	17,390
Capital Outlay	0				0	0
State Office of Risk Management	0					0
Total	2,828,751	266,728	1,015,679	0	499,185	1,047,158

Note: CDBG Payroll Related Costs		27,997
Total CDBG		294,725

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN FEES
Salaries	194,290	194,290
Travel In-State	6,500	6,500
Travel Out-of-State	4,400	4,400
Professional Fees	4,000	4,000
Materials/Supplies	3,985	3,985
Repairs/Maintenance	2,853	2,853
Printing and Reproduction	560	560
Rental/Lease	833	833
Membership Dues	2,000	2,000
Staff Development, Fees and Other Charges	5,506	5,506
Employee Tuition	402	402
Advertising	4,690	4,690
Freight/Delivery	1,340	1,340
Temporary Help	417	417
Furniture/Equipment	1,105	1,105
Communications/Utilities	3,799	3,799
Capital Outlay	0	0
State Office of Risk Management	0	
Total	236,681	236,681

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING PROGRAMS DIVISION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	OCI GENERAL REVENUE	HTF MULTI FAMILY GENERAL REVENUE	HTF SINGLE FAMILY GENERAL REVENUE	ORCA IAC	FEDERAL FUNDS	LIHTC	MULTI FAMILY BOND ADMIN FEES	SINGLE FAMILY BOND ADMIN FEES
Salaries	3,211,601	20,096	71,908	83,430	40,991	1,868,282	586,165	195,494	345,234
									0
Travel In-State	192,562	37,500	6,475	17,175	0	100,562	5,550	2,200	23,100
Travel Out-of-State	36,080	3,500	2,548	5,244	0	12,300	6,425	3,525	2,538
Professional Fees	529,124	0	241	90,812	0	227,400	36,488	81,682	92,500
Materials/Supplies	167,045	0	4,808	13,929	0	121,169	10,856	7,710	8,573
Repairs/Maintenance	136,776	0	3,208	9,553	0	102,581	8,232	6,939	6,264
Printing and Reproduction	23,098	0	1,553	4,671	0	7,830	1,207	792	7,044
Rental/Lease	69,649	0	3,238	15,469	0	27,969	4,532	2,574	15,867
Membership Dues	13,738	0	302	1,039	0	10,723	570	369	737
Staff Development, Fees and Other Charges	73,620	0	3,569	11,218	0	30,672	8,806	9,983	9,372
Employee Tuition	3,886	0	275	824	0	1,340	590	415	442
Advertising	39,329	0	293	1,298	0	2,412	707	449	34,170
Freight/Delivery	10,050	0	809	2,410	0	2,881	871	352	2,727
Temporary Help	69,140	0	4,116	12,505	0	27,653	10,858	9,135	4,874
Furniture/Equipment	23,802	0	608	2,797	0	15,076	1,427	1,363	2,532
Communications/Utilities	64,482	0	2,843	11,817	0	27,817	7,008	5,778	9,219
Capital Outlay	0	0	0	0	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0	0	0	0	0
Total	4,663,981	61,096	106,794	284,192	40,991	2,586,668	690,289	328,762	565,190

Note:
Housing Programs Division Includes:
Office of Colonia Initiatives
Community Affairs
Multi Family Finance Production
Texas Homeownership Program
Real Estate Analysis
HOME Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	HOME	IAC ORCA	GENERAL REVENUE	HTF SINGLE FAMILY GENERAL REVENUE	BOND ADMIN FEES
Salaries	280,485	68,318	40,991	20,096	34,540	116,540
Travel In-State	37,500			37,500		
Travel Out-of-State	3,500			3,500		
Professional Fees	6,000				3,000	3,000
Materials/Supplies	6,383				3,192	3,192
Repairs/Maintenance	4,993				2,497	2,497
Printing and Reproduction	869				435	435
Rental/Lease	14,858				7,429	7,429
Membership Dues	670				335	335
Staff Development, Fees and Other Charges	5,447				2,724	2,724
Employee Tuition	402				201	201
Advertising	1,340				670	670
Freight/Delivery	670				335	335
Temporary Help	7,095				3,548	3,548
Furniture/Equipment	2,771				1,386	1,386
Communications/Utilities	11,003				5,502	5,502
Capital Outlay	0				0	0
State Office of Risk Management	0			0		0
Total	383,986	68,318	40,991	61,096	65,791	147,791

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	ENTERP	FEDERAL FUNDS
Salaries	1,370,583	0	0	1,370,583
Travel In-State	100,562	0	0	100,562
Travel Out-of-State	12,300	0	0	12,300
Professional Fees	138,960	0	0	138,960
Materials/Supplies	121,169	0	0	121,169
Repairs/Maintenance	102,581	0	0	102,581
Printing and Reproduction	7,830	0	0	7,830
Rental/Lease	27,969	0	0	27,969
Membership Dues	10,723	0	0	10,723
Staff Development, Fees and Other Charges	30,672	0	0	30,672
Employee Tuition	1,340	0	0	1,340
Advertising	2,412	0	0	2,412
Freight/Delivery	2,881	0	0	2,881
Temporary Help	27,653	0	0	27,653
Furniture/Equipment	15,076	0	0	15,076
Communications/Utilities	27,817	0	0	27,817
Capital Outlay	0	0	0	0
State Office of Risk Management	0	0	0	0
Total	2,000,528	0	0	2,000,528

Note:
Community Affairs Includes:
Administration - Community Affairs
Community Services Program
Energy Assistance Program
Section 8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ADMINISTRATION-COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	CSBG	DOE GRANTEE	LIHEAP
Salaries	131,667	54,637	0	77,030
Travel In-State	5,000	2,500		2,500
Travel Out-of-State	4,600	2,300		2,300
Professional Fees	4,000	2,000		2,000
Materials/Supplies	2,518	1,259		1,259
Repairs/Maintenance	2,475	1,238		1,238
Printing and Reproduction	577	289		289
Rental/Lease	1,295	648		648
Membership Dues	1,005	503		503
Staff Development, Fees and Other Charges	2,622	1,311		1,311
Employee Tuition	0	0		0
Advertising	0	0		0
Freight/Delivery	335	168		168
Temporary Help	1,318	659		659
Furniture/Equipment	1,063	532		532
Communications/Utilities	1,844	922		922
Capital Outlay	0	0		0
State Office of Risk Management	0	0		0
Total	160,319	68,963	0	91,356

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY SERVICES PROGRAM
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	COMM SRVC BLK GRNT	EMERGENCY SHELTER
Salaries	514,128	407,870	106,258
Travel In-State	30,000	19,500	10,500
Travel Out-of-State	2,400	1,560	840
Professional Fees	52,220	52,220	
Materials/Supplies	13,774	13,774	
Repairs/Maintenance	10,700	10,700	
Printing and Reproduction	3,245	3,245	
Rental/Lease	17,194	17,194	
Membership Dues	4,724	4,724	
Staff Development, Fees and Other Charges	10,429	10,429	
Employee Tuition	1,340	1,340	
Advertising	0	0	
Freight/Delivery	670	670	
Temporary Help	4,915	4,915	
Furniture/Equipment	3,071	3,071	
Communications/Utilities	10,226	10,226	
Capital Outlay	0	0	
State Office of Risk Management	0	0	
Total	679,035	561,438	117,598

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ENERGY ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	DOE T&TA	DOE GRANTEE	LIHEAP
Salaries	516,681	58,884	76,672	381,126
Travel In-State	53,562	10,712	16,069	26,781
Travel Out-of-State	3,100	620	930	1,550
Professional Fees	72,370	21,711	21,711	28,948
Materials/Supplies	97,479			97,479
Repairs/Maintenance	84,413			84,413
Printing and Reproduction	2,242			2,242
Rental/Lease	8,022			8,022
Membership Dues	4,325			4,325
Staff Development, Fees and Other Charges	12,308			12,308
Employee Tuition	0			0
Advertising	2,010			2,010
Freight/Delivery	1,675			1,675
Temporary Help	16,670			16,670
Furniture/Equipment	10,181			10,181
Communications/Utilities	11,444			11,444
Capital Outlay	0			0
State Office of Risk Management	0			0
Total	896,482	91,927	115,382	689,173

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SECTION 8 - RENTAL ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	SECTION 8
Salaries	208,106	208,106
Travel In-State	12,000	12,000
Travel Out-of-State	2,200	2,200
Professional Fees	10,370	10,370
Materials/Supplies	7,398	7,398
Repairs/Maintenance	4,993	4,993
Printing and Reproduction	1,766	1,766
Rental/Lease	1,458	1,458
Membership Dues	670	670
Staff Development, Fees and Other Charges	5,313	5,313
Employee Tuition	0	0
Advertising	402	402
Freight/Delivery	201	201
Temporary Help	4,750	4,750
Furniture/Equipment	761	761
Communications/Utilities	4,303	4,303
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	264,691	264,691

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY FINANCE PRODUCTION
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	LIHTC FEES	MULTI FAMILY BOND ADMIN FEES	HOME	HTF MULTI FAMILY GENERAL REVENUE
Salaries	460,359	299,233	138,108		23,018
Travel In-State	7,500	5,250	1,500		750
Travel Out-of-State	8,000	5,600	1,600		800
Professional Fees	2,412	1,688	482		241
Materials/Supplies	12,292	8,605	2,458		1,229
Repairs/Maintenance	8,559	5,991	1,712		856
Printing and Reproduction	1,412	989	282		141
Rental/Lease	5,581	3,907	1,116		558
Membership Dues	670	469	134		67
Staff Development, Fees and Other Charges	7,370	5,159	1,474		737
Employee Tuition	670	469	134		67
Advertising	838	586	168		84
Freight/Delivery	1,173	821	235		117
Temporary Help	11,302	7,911	2,260		1,130
Furniture/Equipment	1,371	960	274		137
Communications/Utilities	7,377	5,164	1,475		738
Capital Outlay					
State Office of Risk Management	0	0	0		0
Total	536,886	352,802	153,413	0	30,671

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TEXAS HOMEOWNERSHIP PROGRAM
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	HOME	SINGLE FAMILY BOND ADMIN FEES	SINGLE FAMILY HTF
Salaries	228,694	0	228,694	0
Travel In-State	23,100		23,100	
Travel Out-of-State	2,538		2,538	
Professional Fees	161,500		89,500	72,000
Materials/Supplies	5,381		5,381	
Repairs/Maintenance	3,767		3,767	
Printing and Reproduction	6,609		6,609	
Rental/Lease	8,438		8,438	
Membership Dues	402		402	
Staff Development, Fees and Other Charges	6,648		6,648	
Employee Tuition	241		241	
Advertising	33,500		33,500	
Freight/Delivery	2,392		2,392	
Temporary Help	1,326		1,326	
Furniture/Equipment	1,146		1,146	
Communications/Utilities	3,717		3,717	
Capital Outlay				
State Office of Risk Management	0		0	
Total	489,400	0	417,400	72,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REAL ESTATE ANALYSIS
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	LIHTC	HOME	HTF MULTI FAMILY GENERAL REVENUE	MULTI FAMILY BOND ADMIN FEES
Salaries	382,575	286,932	38,258	0	57,386
Travel In-State	1,000	300			700
Travel Out-of-State	2,750	825			1,925
Professional Fees	116,000	34,800			81,200
Materials/Supplies	7,503	2,251			5,252
Repairs/Maintenance	7,468	2,240			5,228
Printing and Reproduction	728	218			510
Rental/Lease	2,083	625			1,458
Membership Dues	335	101			235
Staff Development, Fees and Other Charges	12,156	3,647			8,509
Employee Tuition	402	121			281
Advertising	402	121			281
Freight/Delivery	168	50			117
Temporary Help	9,821	2,946			6,875
Furniture/Equipment	1,556	467			1,089
Communications/Utilities	6,147	1,844			4,303
Capital Outlay	0				
State Office of Risk Management	0				
Total	551,094	337,487	38,258	0	175,349

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOME PROGRAM
ANNUAL OPERATING BUDGET
JANUARY 01, 2007 thru AUGUST 31, 2007

BUDGET CATEGORIES	BUDGETED	HOME SINGLE FAMILY	HOME MULTI FAMILY	HOUSING TRUST FUND SINGLE FAMILY	HOUSING TRUST FUND MULTI FAMILY
Salaries	488,905	268,898	122,226	48,891	48,891
	0				
Travel In-State	22,900			17,175	5,725
Travel Out-of-State	6,992			5,244	1,748
Professional Fees	104,252	88,440		15,812	
Materials/Supplies	14,317			10,738	3,579
Repairs/Maintenance	9,408			7,056	2,352
Printing and Reproduction	5,649			4,237	1,412
Rental/Lease	10,720			8,040	2,680
Membership Dues	938			704	235
Staff Development, Fees and Other Charges	11,326			8,495	2,832
Employee Tuition	831			623	208
Advertising	838			628	209
Freight/Delivery	2,767			2,075	692
Temporary Help	11,943			8,957	2,986
Furniture/Equipment	1,882			1,412	471
Communications/Utilities	8,421			6,316	2,105
Capital Outlay	0				
State Office of Risk Management	0	0		0	
Total	702,088	357,338	122,226	146,401	76,123

Budget Transfer Detail Creating the HOME Section

BUDGET CATEGORIES	Transferred From Multifamily	Transferred From Single Family	Transferred From OCI	Transferred From PMC	Transferred From Bond Finance	Agency Wide Costs Distributed by FTE	Total HOME Budget
Salaries	111,068	272,716	31,512	73,609			488,905
Travel In-State	7,500	15,400				0	22,900
Travel Out-of-State	2,000	1,692		800	2,500	0	6,992
Professional Fees	2,412	13,400				88,440	104,252
Materials/Supplies	4,252	1,354				8,710	14,317
Repairs/Maintenance		134				9,274	9,408
Printing and Reproduction	538	4,163				947	5,649
Rental/Lease	3,082	4,931				2,707	10,720
Membership Dues	670	268				0	938
Staff Development, Fees and Other Charges	4,923	3,752				2,651	11,326
Employee Tuition	670	161				0	831
Advertising	838					0	838
Freight/Delivery	1,173	1,595				0	2,767
Temporary Help	10,050	536				1,357	11,943
Furniture/Equipment	67	402				1,413	1,882
Communications/Utilities		429				7,992	8,421
Capital Outlay						0	0
State Office of Risk Management						0	0
Total	149,243	320,933	31,512	74,409		123,491	702,088

Transfer Detail:	FTEs
Single Family Finance Production	7.0
Multifamily Finance Production	3.0
Portfolio Management and Compliance	2.0
Office of Colonia Initiatives	1.0
Total	13.0

SINGLE FAMILY FINANCE PRODUCTION DIVISION
BOND FINANCE DIVISION

BOARD ACTION REQUEST
DECEMBER 14, 2006

Action Items

Request approval of an increase in qualifying income limits up to 140% of the area median family income for economically distressed census tract "targeted areas" for the Texas Loan Star Program.

Required Action

Final approval of an increase in qualifying income limits up to 140% of the area median family income for the Texas Loan Star Program.

Background and Recommendations

The Single Family Finance Production Division and the Bond Finance Division in conjunction with CitiMortgage Inc. announced the release of a new mortgage product "The Loan Star Mortgage Program" on September 20, 2005. The program is targeted to serve segments of the Texas homebuyer market currently not served by TDHCA's tax-exempt bond program.

The program offers eligible Texans conventional, conforming first lien mortgage loans at market level interest rates and second lien amortizing repayable loans up to eight percent of the purchase price for down payment and closing cost assistance. Target populations include low and moderate income homebuyers and families who may or may not have previously owned a home requiring down payment assistance and minimal loan application paperwork. Correspondent lenders approved through CitiMortgage originate the mortgage loans.

The Loan Star Program uses funding sources provided by external market sources and does not require any TDHCA or other state funding. The mortgage loans are funded through CitiMortgage's mortgage funding and warehousing facilities. This product does not require the issuance of bonds. The Loan Star Program provides a separate source of funding for higher levels of downpayment assistance, offers mortgage loans with standardized terms, provides another source of revenue for TDHCA, and diversifies TDHCA's single family mortgage product offerings. Since TDHCA has not issued bonds to fund these mortgages, TDHCA has not incurred negative arbitrage, interest rate risk and pipeline risk.

In March 2006, the Bond Finance Division recommended, and the Board approved, reducing TDHCA's total fee from 1.00% per loan to .40% per loan. This revision, in conjunction with CitiMortgage reducing its price adjustment fee from .20% to zero percent decreased Loan Star's par mortgage rate by .25%, e.g. from 6.625% to 6.375%. This was implemented in an effort to increase the loan originations. To date, 75 loans have been originated totaling $7.5 million. Despite the price adjustment, originations still have not met program expectations.

In a final effort to make the product more attractive to mortgage lenders and more competitive in the Hurricane Rita "GO" Zone and other targeted areas of the state, CitiMortgage is requesting approval to increase qualifying income limits up to 140% of the area median family income in all targeted areas of the state to match those allowed under the mortgage revenue bond guidelines governing the Texas First Time Homebuyer Program. For targeted areas, a borrower's income may not exceed 140% of the area median family income if the home being purchased is located within an economically distressed census tract. The Gulf Opportunity Zone Act of 2005 also designated 22 counties in southeast Texas targeted areas.

According to CitiMortgage representatives, input from correspondent lenders suggests the product will be more competitive in these areas if the income limits are increased. Additionally, it is hoped the expected increase in loan volume under this program will help to stretch the Texas First Time Homebuyer Program funds which continue to originate at a record pace. Since the Texas Loan Star Program is underwritten using Fannie Mae's My Community Mortgage guidelines, CitiMortgage recently revised the program flyers to reflect the latest enhancements to the program. CitiMortgage is also revamping their marketing strategy, including providing greater coverage with Cit Account Executives. Citi Account Executives will focus on existing Lending Relationships within Citi, as well as lenders who are currently utilizing Mortgage Credit Certificate programs throughout the State. Citi representatives will also begin participating in TDHCA's continuing education classes for Realtors, as well as running advertisements in smaller newspapers targeting minority borrowers (for example, Rumbo, which serves primarily the Hispanic market in Houston and the Valley). Also, the TDHCA website will be revised to better drive potential homebuyers to information regarding the program.

Recommendation

Staff requests approval of an increase in qualifying income limits up to 140% of the area median family income for economically distressed census tracts "targeted areas" for the Texas Loan Star Program.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Items

Presentation, Discussion and Possible Approval of Resolution No. 06-051 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B (Program 61).

Required Action

Approval of Resolution 06 - 051 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B (Program 61).

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B (Program 61) will terminate on January 1, 2007. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 61 to September 1, 2007. The table below reflects Program 61's balances, per the master servicer's records, as of November 28, 2006.

Total Lendable Bond Proceeds		$175.9 million
Assisted Funds Unreserved Balance	$ 0.1 million	
+ Unassisted Funds Unreserved Balance	$ 0.2 million	
+ Loans in Mortgage Pipeline	$ 2.3 million	
= Total Unspent Proceeds Balance		$ 2.6 million
Mortgages Closed and Funded		$173.3 million

A significant amount of the mortgage funds have been reserved. Additional time is being requested to complete the processing of funds reserved in the pipeline. The 4.99% mortgage loans in the pipeline are primarily for new construction which have up to 180 days for closing. Should any of these loans fall-out, the extension of the certificate purchase period would allow ample time to close and fund new loans.

Recommendation

Approve Resolution 06 - 051 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series A and 2004 Series B (Program 61).

Resolution No. 06-051

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES A AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE REFUNDING BONDS, 2004 SERIES B; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, in order to implement its Bond Program No. 61 (the "Program"), the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2004 Series A in the aggregate principal amount of $123,610,000 (the "2004 Series A Bonds") and its Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B in the aggregate principal amount of $53,000,000 (the "2004 Series B Bonds" and together with the 2004 Series A Bonds, collectively, the "2004 Series A/B Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Sixth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 (the "Thirty-Sixth Supplement") with respect to the 2004 Series A Bonds, and the Thirty-Seventh Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of April 1, 2004 (the "Thirty-Seventh Supplement") with respect to the 2004 Series B Bonds, each between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department, thereby providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Thirty-Sixth Supplement); and

WHEREAS, concurrently with the issuance of the 2004 Series A/B Bonds, the Department issued its Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A in the aggregate principal amount of $4,140,000 (the "Series 2004A Junior Lien Bonds") pursuant to the Fourth Supplemental Junior Lien Trust Indenture (Series Supplement 2004A) dated as of April 1, 2004 (the "Fourth Supplement") with respect to the Series 2004A Junior Lien Bonds, between the Department and the Trustee, for the purpose, among others, of financing down payment and closing cost assistance under the Program; and

WHEREAS, pursuant to Resolution No. 05-076 adopted on September 16, 2005, the Department extended the Certificate Purchase Period with respect to the 2004 Series A/B Bonds to January 1, 2007, or the first business day thereafter; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2004 Series A/B Bonds to September 1, 2007 in accordance with the terms of the Thirty-Sixth Supplement, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to September 1, 2007, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Thirty-Sixth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Thirty-Sixth Supplement in connection therewith.

Section 1.2--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair of the Board; the Vice Chairman of the Board; the Secretary to the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

(Execution Page Follows)

PASSED AND APPROVED this 14th day of December, 2006.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Items

Presentation, Discussion and Possible Approval of Resolution No. 06-052 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62).

Required Action

Approval of Resolution 06 - 052 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62).

Background

The mortgage loan origination period related to TDHCA's Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62) will terminate on January 1, 2007. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 62 to March 1, 2008. The table below reflects Program 62's balances, per the master servicer's records, as of November 28, 2006.

Total Lendable Bond Proceeds		$ 71.6 million
Assisted Funds Unreserved Balance (1)	$ 0.0 million	
+ Unassisted Funds Unreserved Balance	$ 0.0 million	
+ Loans in Mortgage Pipeline	$ 1.3 million	
= Total Unspent Proceeds Balance		$ 1.3 million
Mortgages Closed and Funded		$ 70.3 million

(1) Program 62 did not include any assisted funds.

Significantly all of the mortgage funds have been reserved. Additional time is being requested to complete the processing of funds reserved in the pipeline. The 4.99% mortgage loans in the pipeline are primarily for new construction which have up to 180 days for closing. Should any of these loans fall-out, the extension of the certificate purchase period would allow ample time to close and fund new loans.

Recommendation

Approve Resolution 06 - 052 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2004 Series C and 2004 Series D (Program 62).

Resolution No. 06-052

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR SINGLE FAMILY MORTGAGE REVENUE BONDS, 2004 SERIES C AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2004 SERIES D; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, in order to implement its Bond Program No. 62, the Department issued its Single Family Mortgage Revenue Bonds, 2004 Series C in the aggregate principal amount of $41,245,000 (the "2004 Series C Bonds") and its Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D in the aggregate principal amount of $35,000,000 (the "2004 Series D Bonds" and together with the 2004 Series C Bonds, collectively, the "2004 Series C/D Bonds") pursuant to a Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Thirty-Eighth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Thirty-Eighth Supplement") with respect to the 2004 Series C Bonds, and the Thirty-Ninth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Thirty-Ninth Supplement") with respect to the 2004 Series D Bonds, each between the Department and the Trustee, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as described in the Thirty-Eighth Supplement); and

WHEREAS, concurrently with the issuance of the 2004 Series C/D Bonds, the Department issued its Single Family Mortgage Revenue Refunding Bonds, 2004 Series E in the aggregate principal amount of $10,825,000 (the "2004 Series E Bonds") pursuant to the Single Family Indenture and the Fortieth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 2004 (the "Fortieth Supplement") with respect to the 2004 Series E Bonds, between the Department and the Trustee, for the purpose, among others, of refunding certain prior bonds of the Department; and

WHEREAS, pursuant to Resolution No. 05-077 adopted on October 13, 2005, the Department extended the Certificate Purchase Period with respect to the 2004 Series C/D Bonds to January 1, 2007, or the first business day thereafter; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period for the 2004 Series C/D Bonds to March 1, 2008 in accordance with the terms of the Thirty-Eighth Supplement, (ii) all actions to be taken with respect thereto, and (iii) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

EXTENSION OF CERTIFICATE PURCHASE PERIOD; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to March 1, 2008, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Single Family Indenture and the Thirty-Eighth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Thirty-Eighth Supplement in connection therewith.

Section 1.2--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair of the Board; the Vice Chairman of the Board; the Secretary to the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

(Execution Page Follows)

PASSED AND APPROVED this 14th day of December, 2006.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

Division of Policy and Public Affairs

BOARD ACTION REQUEST

December 14, 2006

Action Items

Proposed Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005 (Action Plan)

Required Action

Approval to release the attached *Action Plan* for public comment.

Background

This Action Plan will be used by TDHCA, the lead agency designated by Texas Governor Rick Perry to administer these funds, to provide $428,671,849 in CDBG funding for housing, infrastructure, public service, public facility in areas of the State most directly impacted by hurricanes Katrina and Rita. These funds, coupled with a previous supplemental appropriation authorized under Public Law 109-148 (of $74,523,000 in CDBG disaster recovery funding), will provide significant assistance to affected areas in southeast Texas.

The Action Plan gives priority to community infrastructure development and rehabilitation as well as the rehabilitation and reconstruction of the affordable rental housing stock including public and other HUD-assisted housing. More specifically, the funds will be used to help:

- provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita;
- provide focused efforts to restore and protect owner occupied housing stock in the community of Sabine Pass which was severely damaged by the storm;
- repair, rehabilitate, and reconstruct (including demolition, site clearance and remediation) the affordable rental housing stock (including public and other HUD- assisted housing) in the impacted areas;
- restore critical infrastructure damaged by Rita where no other funds are available; and
- provide assistance in Houston/Harris County for increased demands for public service, community development, and housing activities in specific areas (police districts, schools, apartment complexes, neighborhoods) that have experienced a dramatic population increase due to an influx of Katrina evacuees.

The comment period will run from December 15, 2006 through close of business on January 2, 2007. Public comment will be accepted at public hearings in Austin, Houston, and Beaumont. Because these natural disasters impacted a region with diverse communities, TDHCA released public comment notifications and Action Plan drafts in English, Spanish, and Vietnamese to provide persons with limited English proficiency a better opportunity to participate in the public comment process.

It should be noted that this is a partial action plan. A more detailed description of how the funding will be used (eligible activities, beneficiaries, areas, etc.) that has been targeted for the Houston/Harris County area will be included in the final Action Plan. This description will be developed separately because of the complexity of crafting a plan that effectively addresses remaining need in Houston and Harris County. The required amendment to the Action Plan shall be developed through a separate public comment process will be coordinated by the Houston and Harris County CDBG entitlement communities.

Recommendation

Approval to release the attached *Action Plan* for public comment.

Proposed Partial Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005

December 7, 2006

Prepared by the Division of Policy and Public Affairs
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EXECUTIVE SUMMARY

The Texas Department of Housing and Community Affairs ("Department" or "TDHCA") has prepared this State of Texas Action Plan for Community Development Block Grant (CDBG) Disaster Recovery Grantees under Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 ("Action Plan"). This Action Plan will be used by TDHCA, the lead agency designated by Texas Governor Rick Perry to administer these funds, to provide $428,671,849 in CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricanes Rita and Katrina.

These funds, coupled with a previous supplemental appropriation authorized under Public Law 109-148 ($74,523,000 in CDBG disaster recovery funding), will provide significant assistance to affected areas in southeast Texas. It should be noted that this Action Plan addresses a scope of needs beyond the similar plan issued May 9, 2006 to use the funding authorized under Public Law 109-148. While the previous plan only addressed needs associated with Hurricane Rita, this Action Plan addresses needs resulting from both Hurricanes Rita and Katrina. Combined, all the needs identified in *Texas Rebounds*, a document prepared by the Office of the Governor detailing $2,97 billion in Rita and Katrina recovery needs, will not have been met. However, with an emphasis on helping restore homes and improving neighborhoods, these funds will help address many of the key priorities for recovery.

The Action Plan gives priority to community infrastructure development and rehabilitation as well as the rehabilitation and reconstruction of the affordable rental housing stock including public and other HUD-assisted housing. More specifically, the funds will be used to help:

- provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita;
- provide focused efforts to restore and protect owner occupied housing stock in the community of Sabine Pass which was severely damaged by the storm;
- repair, rehabilitate, and reconstruct (including demolition, site clearance and remediation) the affordable rental housing stock (including public and other HUD- assisted housing) in the impacted areas;
- restore critical infrastructure damaged by Hurricane Rita where no other funds are available; and
- provide assistance in Houston/Harris County for increased demands for public services, law enforcement and judicial services, community development, and housing activities in specific areas (police districts, schools, apartment complexes, neighborhoods) that have experienced a dramatic population increase due to an influx of Katrina evacuees.

The comment period opened on December 15, 2006, and closed on January 2, 2007. Public comment was accepted at three public hearings, two of which were held in the affected region of Southeast Texas. Because these natural disasters impacted a region with diverse communities, TDHCA released public comment notifications and Action Plan drafts in English, Spanish, and Vietnamese to provide persons with limited English proficiency a better opportunity to participate in the public comment process.

It should be noted that this is a partial action plan. A more detailed description of how the funding will be used (eligible activities, beneficiaries, areas, etc.) that has been targeted for the Houston/Harris County area will be included in the final Action Plan. This description will be developed separately because of the complexity of crafting a plan that effectively addresses remaining needs in Houston and Harris County. The required amendment to the Action Plan shall be developed through a separate public comment process and will be coordinated by the Houston and Harris County CDBG entitlement communities., in conjunction with the Texas Department of Housing and Community Affairs.

INTRODUCTION

In the fall of 2005, Texas felt the extreme impact of both Hurricanes Rita and Katrina. While Hurricane Katrina did not make land fall in Texas, the need for vast amounts of both short and long term assistance to help persons who evacuated to the state soon became apparent. Shortly thereafter, Texas suffered the direct impact of Hurricane Rita, which physically destroyed communities and regions already stretched thin by providing aid and support services to Hurricane Katrina evacuees. This one-two punch left Texas with estimated recovery needs of more than 2 billion dollars, as documented in the report *Texas Rebounds* – an in-depth assessment of the impact of the Hurricanes on Texas prepared by the Governor as part of a request for additional funding assistance from Congress.

Supplemental appropriations to the CDBG program are providing funding to the affected states to implement disaster recovery efforts that address the widespread need caused by these storms. The first supplemental appropriation was tied to Public Law 109-148 (effective December 30, 2005) which provided $11.5 billion of supplemental appropriation for the CDBG program. This funding was for necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricanes Rita, Katrina and Wilma. Of this amount, $74,523,000 was specifically allocated to Texas by the Secretary of HUD to address the consequences of Hurricane Rita. The funds were intended by HUD to be used toward meeting unmet housing, infrastructure, public service, public facility, and business recovery needs in areas of concentrated distress.

Texas developed the required action plan to use these funds through intensive consultation with the citizens, local government leaders, state and federal legislators, and community action and social services agencies that were hit hardest by Hurricane Rita. In addition to the numerous meetings that were held across the region, five public hearings were held for the specific purpose of crafting the required action plan. The resulting *State of Texas Action Plan for CDBG Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006* was approved by HUD on May 9, 2006. This action plan used four of the state's Councils of Governments to serve as applicants for the entitlement communities, non-entitlement communities, and federally recognized Indian Tribes within their region. Under the plan, a minimum of approximately $38.9 million is being used to meet housing needs. The remaining approximately $31.9 million is being used for infrastructure needs.

Congress recognized that the CDBG funding authorized under PL 109-148 was not sufficient given the full impact that the 2005 hurricane season had on the entire gulf coast region. Therefore, the earlier emergency funding was increased by authorizing Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234, approved June 15, 2006). As required by Congress, the U.S. Department of Housing and Urban Development published requirements for distribution and use of these funds by the impacted states in its "Department of Housing and Urban Development [Docket No. FR–5089–N–01] Allocations and Waivers Granted to and Alternative Requirements for CDBG Disaster Recovery Grantees Under Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006" published in Federal Register (Vol. 71, No. 209) on October 30, 2006. Part of this requirement was to create a document that will guide and direct the use of funds within the categories outlined under the funds notice.

The funds were made available to the State of Texas through the Office of the Governor. With more needs identified in Texas Rebounds than there were funds available, Governor Rick Perry identified the needs that should be given priority. The majority of the funds are to be used to directly assist Texans who, more than a year after the hurricanes, still struggle with unmet housing needs as a result of the storms. Given that the largest share of the funds would go to meet the housing needs of Texans, the Governor directed TDHCA to assist with the distribution of these funds.

To best inform the public and receive its input, as well as to meet the requirements established by the HUD funding notice, the Department has developed this Proposed Partial Action Plan for Disaster Recovery ("Action Plan"). This Action plan will be used to distribute Federal funding for recovery of distressed areas related to the consequences of Hurricanes Rita and Katrina in the Gulf of Mexico in 2005. The amount of funding to Texas was specified in the funding notice by HUD along with general priorities and a specific funding priority to assist rental housing damaged by Hurricane Rita in Texas. More specifically, the Action Plan describes the:

- priorities to best assist the needs of the State's citizens and communities,
- citizen participation process used to develop the Action Plan,
- the types of activities and funds available for which assistance may be provided,
- who may apply and the application process,
- the methodology used to distribute funds, and
- method of grant administration standards and procedures that will be used to ensure that program requirements, including non-duplication of benefits, are met through continuous quality assurance and internal audit functions.

FEDERAL APPROPRIATION ASSOCIATED WITH THIS PLAN

As described above, Public Law 109-234 (effective June 15, 2006) provided a$5.2 billion supplemental appropriation of CDBG Disaster Recovery Funding for *"necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of Hurricanes Katrina, Rita, or Wilma."* In reviewing the totality of the need in the five state region covered by the law, $428,671,849 was specifically allocated to Texas by the Secretary of HUD. As further provided for under the law, *"funds provided under this heading shall be administered through an entity or entities designated by the Governor of each State."* Governor Rick Perry has designated the Texas Department of Housing and Community Affairs (TDHCA) as this entity for the State of Texas.

All regulations associated with the CDBG program apply to this funding unless specifically detailed as a waiver in the Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005 or as specified in the February 13, 2006 *Federal Register* notice) or subsequently waived by HUD as documented in this Action Plan. In addition, definitions and descriptions contained in the *Federal Register* are applicable to this funding.

THE IMPACT OF THE STORMS AND TEXAS RECOVERY NEEDS

The 2005 Atlantic hurricane season was one of the most extreme in recorded history. The U.S. C Gulf Coast was hit by Hurricanes Katrina, Rita, and Wilma. Texas was greatly impacted by both Hurricanes Katrina and Rita. While Hurricane Katrina did not make landfall directly in Texas, the indirect impact on Texas led to a presidential disaster declaration to provide emergency funding as Texans assisted Katrina evacuees. While that assistance was ongoing, Hurricane Rita dealt a second blow to the lives, homes and property of Texans.

TIMELINE OF STORM EVENTS AND STATE RESPONSES

The timeline of the storm events and related responses are below provided.

1. The Governor of Texas declared a State of Emergency on August 29, 2005, relative to Hurricane Katrina's imminent landfall on the Gulf Coast. Hurricane Katrina made landfall that same day in Louisiana. While Texas did not directly receive the impact of the storm, within hours, the significant impact Katrina would have on the State became clear.
2. The President issued an Emergency Declaration on September 2, 2005, for all 254 counties in Texas for emergency protective measures due to the huge influx of evacuees from Alabama, Louisiana, and Mississippi. As a result of massive evacuations, Texas absorbed more than 400,000 evacuees – mostly from Louisiana.

3. While Texas authorities were beginning to assess the long-term sheltering operation for Hurricane Katrina evacuees, dangerous Hurricane Rita entered the Gulf of Mexico. On September 21, 2005, due to the impending threat of Rita, the President issued another Emergency Declaration for all 254 Texas counties.
4. On September 24, 2005, only 26 days after Katrina devastated the Gulf Coast, the Category Three Hurricane Rita came ashore. The eye of the storm made landfall near Sabine Pass, Texas severely damaging communities and homes unfortunate enough to fall within its path. As the storm traveled inland, the core of the hurricane's most extreme destruction hit the heavily populated and industrialized areas of Port Arthur, Orange, and Beaumont. Communities in the path of the hurricane sustained enormous physical damage from excessive winds and rain. In some heavily wooded areas, an estimated 25 percent of the trees were lost. High winds and falling trees caused extensive damage to homes and businesses. The same day of the storm, Texas received a FEMA Major Disaster Declaration for all 254 counties for debris operations and emergency protective measures for Hurricane Rita. Multiple amendments have since been added to the Major Disaster Declaration to expand the list of eligible counties for FEMA Individual Assistance Program (IAP) funding to 22 designated counties and Public Assistance Program (PAP) funding to 29 designated counties.

Overview of Storm Impact

The Governor's Division of Emergency Management (GDEM) and FEMA reported the receipt of 479,199 registrations for the Individual Assistance Program as a result of Hurricane Rita in the 29-county area. As a result of Hurricane Rita, more than 75,000 homes in the area suffered major damage or were destroyed. Of these, approximately 40,000 homes were uninsured. Furthermore, a substantial percentage of the damaged households are located in areas predominantly occupied by individuals meeting the definition of low to moderate income (LMI). There were 44 recovery centers set up in disaster impacted counties and throughout the state so that residents could apply for immediate assistance, meet with Small Business Administration loan specialists, and get information about available federal and state assistance. Additionally, 4,249 travel trailers were issued to displaced individuals and families.

According to FEMA, 640,968 Katrina and Rita applicants for assistance resided in Texas as of February 1, 2006. Most of these families are living in Southeast Texas. Second only to Louisiana, Texas hosts the most people impacted by the devastating hurricanes of 2005. In light of these facts, the lasting impact of Hurricanes Katrina and Rita on Texas is widespread and extremely apparent.

CITIZEN PARTICIPATION

Since the Hurricanes hit, the State has been working closely with the citizens and organizations who were directly impacted by the storm and a wide variety of municipal, county, regional, and state officials to determine what the highest disaster recovery needs are and how to best address those needs. Through this ongoing interaction and the five public hearings held to develop the *State of Texas Action Plan for CDBG Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006* (required to use disaster recovery funding associated with Public Law 109-148), the need for assistance to repair homes and to meet specific remaining critical infrastructure needs has been well established.

Public Comment Period and Public Hearings

On Friday, December 15, 2006, the Action Plan was made available for public comment via TDHCA's website or upon request. The 18-day public comment period began on Friday, December 15, 2006 and ended at the close of business on Tuesday, January 2, 2007.

Verbal comment on the Action Plan was taken at the following public hearings times and accessible locations.

Location:	Austin	Houston	Beaumont
Facility:	Rusk Building Room 227	City Council Annex Chambers Public Level	South East Texas Regional Planning Commission
Address:	208 E. 10th Street	900 Bagby	2210 Eastex Freeway
	Austin, TX 78701	Houston, TX 77251	Beaumont, TX 77703
Date and Time:	Tuesday, December 19 6:00 p.m.	Tuesday, December 19 12:00 p.m.	Wednesday, December 20 12:00 p.m.

The hearing announcement specifically described the process by which individuals who require special assistance could contact TDHCA to make appropriate arrangements so that they could participate in the hearing.

Written comment was also accepted at the public hearings and by mail, fax, or email at the following addresses.

Mail: TDHCA

Division of Policy and Public Affairs

P.O. Box 13941

Austin, TX 78711-3941

Fax: (512) 469-9606

Email: info@tdhca.state.tx.us

As is the Department's standard practice when developing rules or policies, a summary of the issues raised by comment received and the corresponding reasoned responses was generated for both the decision makers and the public. A summary of the comments received during the public comment period and the Department's reasoned responses and resulting changes to the Action Plan is provided in Appendix B of this document.

ADVERTISING THE PUBLIC COMMENT PERIOD

As the disaster impacted region has a diverse community, both the public comment notifications and Plan were published in English, Spanish, and Vietnamese. This enhanced the ability of persons with limited English proficiency to provide comment. The following efforts were made to advertise the public comment period.

- On November 28, 2006, an electronic hearing notification was made through TDHCA's email list serve. This is a list of 3,112 public officials, for-profit and non-profit developers, community housing development organizations, advocacy groups, and supportive service providers that have an interest in TDHCA programs and who sign up to receive notification of upcoming events.
- On December 15, 2006, as required by State law, a notice of the public comment period and associated public hearings was published in the *Texas Register*.
- On December 1, 2006, a letter advertising the comment period and hearings was distributed to a list of 1,531 addresses which included the State's mayors, county judges, CDBG entitlement communities, and councils of government.
- On December 4, 2006, TDHCA posted a webpage at http://www.tdhca.state.tx.us/cdbg/index.htm to specifically advertise the hearings and consolidate all documents associated with the Action Plan.

DESCRIPTION OF THE STATE'S OVERALL PLAN FOR DISASTER RECOVERY

PROMOTING SOUND SHORT AND LONG-TERM RECOVERY PLANNING

The Governor's Division of Energy Management (GDEM) offers Disaster Recovery Courses and Workshops to educate local governments on the recovery process following a disaster. Other state agencies and volunteer groups are encouraged to participate in these courses focusing on a combined effort of valuable resources to be made available in the aftermath of a disaster. During major disasters, representatives of state agencies and volunteer organizations work closely with GDEM staff to participate in the operation of Disaster Recovery Centers. In addition, GDEM has supported and has had significant involvement in the formation of long-term recovery committees. The frequency and magnitude of disasters in this state, necessitates the growing number of long-term recovery committees in order to address unmet needs.

PROMOTING LAND USE DECISIONS THAT REFLECT RESPONSIBLE FLOOD PLAIN MANAGEMENT AND REMOVAL OF REGULATORY BARRIERS TO RECONSTRUCTION

The State promotes wise land use decisions in several ways. It conducts National Flood Insurance Program inspections. Communities who are found to have improperly permitted development in the 100 year floodplain are subject to fines, suspensions, and ejection from the program. A surge marker project has been initiated, which will place warning markers in those areas along the coast which are subject to storm surge flooding. Texas participates in the federally funded mitigation grant programs and is thus in a position to offer incentive grants to communities who wish to repair past mistakes and clear their floodplains. Mitigation funding is denied for some projects unless they are outside the 100 or 500 year floodplain. The State denies all mitigation funding to communities that have not identified the number of citizens and number of community facilities that are in the 100 year floodplain. Finally, the State has passed a law which prohibits the introduction of a manufactured home into the 100 year floodplain.

COORDINATING PLANNING REQUIREMENTS WITH OTHER STATE AND FEDERAL PROGRAMS AND ENTITIES

To encourage consistent flood plain development across Texas, the State runs an extensive education program for local officials. It runs dozens of classes a year, most of which emphasize the danger of allowing development in the floodplain or near Hazmat facilities/routes. These classes are provided free of charge and travel costs are covered.

PROMOTING HIGH QUALITY, DURABLE, ENERGY EFFICIENT, AND MOLD RESISTANT CONSTRUCTION METHODS

A requirement for construction related activities is that work on residential dwellings must meet the 2000 International Residential Code Chapter 11. For commercial and multifamily rental activities, the International Building Code of 2003 or local municipal code, whichever is more stringent, must be followed. Within this code, there is a section entitled the 2000 International Energy Conservation Code (IECC) which works to provide more energy efficient structures. Following these codes should result in the construction of high quality, durable, energy efficient, and mold resistant buildings.

PROMOTING THE MITIGATION OF FLOOD RISK

Under this Action Plan, housing units receiving funds must be elevated in accordance with FEMA advisory flood elevations or subsequent FEMA permanent maps. For the Rental Housing Stock Restoration Program, accessibility issues created by this elevation must be addressed. The Sabine Pass Dwelling Restoration Program specifically serves as a source of financing to elevate homes. Under that funding priority, persons with disabilities and the elderly can request up to $15,000 to address the costs associated with accessibility issues caused by the increased elevation of the home.

PROMOTING ADEQUATE, FLOOD-RESISTANT HOUSING FOR ALL INCOME GROUPS THAT LIVED IN THE DISASTER IMPACTED AREAS

Almost 52 percent of the Action Plan's funding allocation will go towards repair, rehabilitation, and reconstruction of owner occupied and rental units across the disaster impacted areas.

ADDRESSING THE NEEDS OF SPECIAL NEEDS POPULATIONS

Persons with disabilities face unique challenges in finding accessible and affordable housing in the disaster impacted area. The need is clearly described in *TDHCA's State Low Income Housing Plan, 2005-2009 State of Texas Consolidated Plan*, and *The Housing Needs of Texans with Disabilities (a report TDHCA published in April of 2005).* This *Action Plan* includes the following strategies that help provide assistance to persons with disabilities.

- Construction activities which result in a change of elevation must consider the accessibility needs of persons with disabilities.
- $21 million of homeowner assistance is being targeted towards assisting persons with special needs.
- Under the Sabine Pass Restoration Program, a homeowner whose household includes a person with a disability or an elderly person may apply for an additional $15,000 in assistance for accessibility related costs associated with elevating the dwelling.

TDHCA has found that directly involving program beneficiary representatives, community advocates, and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a "working group" format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA will consult with a Disability Advisory Workgroup organized by TDHCA for guidance on how the NOFAs associated with this plan can be structured to effectively serve persons with disabilities.

USE OF ACTION PLAN FUNDING

ANTICIPATED ACCOMPLISHMENTS

Accomplishments resulting from this Action Plan will include restoration of housing units and critical public infrastructure damaged by Hurricane Rita and the provision of enhanced public services and community development efforts to meet increased demand from evacuees from Katrina. TDHCA anticipates that low to moderate income (LMI) individuals will be the primary beneficiaries of the program. Under HUD program guidelines, LMI beneficiaries are part of households that earn less than 80 percent of the area median family income.

NATIONAL OBJECTIVE

Under this Action Plan, all eligible activities must meet one of the three national objectives set out in the Housing and Community Development Act (address slum and blight, urgent need, primarily benefit LMI persons). Pursuant to explicit authority in the Department of Defense Appropriations Act, 2006 (Public Law 109-148, approved December 30, 2005), HUD is granting an overall benefit waiver that allows for up to 50 percent of the grant to assist activities under the urgent need or prevention or elimination of slums and blight national objectives, rather than the 30 percent allowed in the annual State CDBG program. The primary objective of Title I of the Housing and Community Development Act and of the funding program of each grantee is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." The statute goes on to set the standard of performance for this primary objective at 70 percent of the aggregate of the funds used for support of activities producing benefit to low and moderate income persons. Since extensive damage to community development and housing affected those with varying incomes, and income-producing jobs are often lost for a period of time following a disaster, HUD is waiving the 70 percent overall benefit requirement, leaving a 50 percent requirement, to give grantees even greater flexibility to carry out recovery activities within the confines of the CDBG program national objectives.

GENERAL USE OF FUNDS AND FUNDING ALLOCATION

TDHCA will use the following funding allocation to prioritize the use of funds based on the highest observed needs.

Activity	Primary National Objective Addressed	Additional Objectives Established in the *Federal Register**	Available Funding for Activity	% Plan Funding
Homeowner Assistance Program (HAP)	LMI Benefit	n/a	$210,371,273	49.08%
Sabine Pass Restoration Program (SPRP)	LMI Benefit	n/a	$12,000,000	2.80%
Rental Housing Stock Restoration Program	LMI Benefit	i, iii	$82,866,984	19.33%
Harris County Public Service and Community Development Program	TBD	n/a	$60,000,000	14.00%
Restoration of Critical Infrastructure Program	Urgent Need	i	$42,000,000	9.80%
State Administration Funds	Not Applicable	n/a	$21,433,592	5.00%
Total Plan Funding			$428,671,849	

*As established by the "Action Plan additional elements" requirement included in the *Federal Register* notice, the activity addresses one or more of the identified additional elements below described.

> *"b. The grantee's overall plan for disaster recovery will also include:*
>
> *(i) An explanation of how the State will give priority to the rehabilitation and reconstruction of the affordable rental housing stock including public and other HUD-assisted housing, a description of the activities the State plans to undertake with grant funds under this priority, and a description of the unique challenges that individuals with disabilities face in finding accessible and affordable housing;*
>
> *(ii) An explanation of how the State will give priority to infrastructure development and rehabilitation, and a description of the infrastructure activities it plans to undertake with grant funds; and*
>
> *(iii) An explanation of how the method of distribution or use of funds described in accordance with the applicable notices will result in the State meeting the requirement that at least 19.3311 percent of its allocation under this notice shall be used for repair, rehabilitation, and reconstruction (including demolition, site clearance and remediation) of the affordable rental housing stock (including public and other HUD-assisted housing) in the impacted areas."*

OVERARCHING ACTIVITY ELIGIBILITY REQUIREMENTS

This Action Plan outlines the Department's framework for allocating funding as guided by the requirements published in the *Federal Register* (Vol. 71, No. 209) on October 30, 2006. Unless otherwise stated in the *Federal Register*, statutory and regulatory provisions governing the CDBG program for states, specifically 24 CFR Part 570 Subpart I, apply to the use of these funds. All activities must be eligible CDBG activities according to 24 CFR Part 570 Subpart I, except as waived by HUD, must meet requirements for disaster recovery funding cited throughout this document, and must meet at least one of the three national CDBG objectives.

As noted in the *Federal Register*, under the law "*…the funds may not be used for activities reimbursable by or for which funds are made available by the Federal Emergency Management Agency or the Army Corps of Engineers. Further, none of the funds made available under* *this heading may be used by a State or locality as a matching requirement, share, or contribution for any other Federal program."* This will be a key requirement that will be monitored by TDHCA throughout every stage of the program.

ELIGIBLE ACTIVITIES UNDER THE SPECIFIC FUNDING PRIORITIES

As stated in the *Federal Register*, *"the appropriations statute requires funds be used only for disaster relief, long-term recovery, and restoration of infrastructure in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005. The statute directs that each grantee will describe in its Action Plan for Disaster Recovery how the use of the grant funds gives priority to infrastructure development and rehabilitation and the rehabilitation and reconstruction of the affordable rental housing stock including public and other HUD-assisted housing."* The following specific funding categories reflect the State of Texas prioritization of need based on its review of available damage assessments and discussions with local leaders and citizens.

HOMEOWNER ASSISTANCE PROGRAM (HAP)

The Governor has identified destruction done to an individual's home as one of the most persistent and difficult issues to address in the aftermath of Hurricane Rita. To deal with this real need of Texans who have no other place to turn, the largest share of the funding priorities lies in Homeowner Assistance. Funding in the amount of approximately $210 million shall be made available in the form of a grant to homeowners of LMI income whose homes were damaged by Hurricane Rita. Assistance provided in a special flood hazard area (defined as zone "A", "V", "M", and "E" series (44 CFR 64.3) as shown on a current Flood Insurance Rate Map (FIRM), as amended by Letters of Map Amendment (LOMA) or Letters of Map Revision (LOMR)) will be in the form of a deferred forgivable loan. All other assistance will be in the form of a grant. This assistance will be made available for both homeowners who had insurance in an insufficient amount to cover the storm damage as well as those who did not have homeowner's insurance. All grant amounts will be based on damage to the dwelling and do not include its contents or other personal property.

Part of this funding priority, $21 M. (approximately 10 percent of the Home Assistance Program funds) will be targeted specifically for persons with special needs. This amount is based on the statewide percentage of households who have mobility/self-care limitations and that earn less than 80 percent of AMFI. If after 120 days, there are not sufficient applications received for this "special needs" target, then these funds will be rolled back into the general HAP funding priority.

Eligibility Requirements

The program is limited to homeowners that satisfy all of the following conditions.

- The owner's household must be eligible under the applicable low and moderate income limits.
- The owner must be able to prove ownership and that he or she occupied the property as a primary residence at the time of Hurricane Rita (September 24, 2005). Rental dwellings and second homes are not eligible.
- The owner's home is located in one of the 22 counties eligible for the FEMA IAP as established by FEMA-1606-DR-TX (Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker).
- The owner must be able clearly establish that their residence was physically damaged by Hurricane Rita. Examples of acceptable types of documentation include, but are not limited to, evidence:
  - from FEMA that the homeowner applied for FEMA IAP and the home was categorized by FEMA as having been "destroyed" or having suffered "major" damage. Homeowners who were approved by FEMA for $5,200 or more in FEMA home repair assistance (a component of the Individual Assistance Program) will fall into one of these categories, or
  - from their homeowner's insurance provider that a claim for damage specifically related to Hurricane Rita was filed and that the provider determined that such damage existed.

Requirements for Receiving Assistance

To receive assistance under this set aside, the owner must:

- sign a release so that financial assistance received through any public or private source can be verified by the Program;
- agree to verification of ownership status and the amount of disaster-related damage to the home;
- swear to the accuracy and completeness of all information provided to the Program under penalty of law;
- agree to sign a legally binding agreement that commits the owner to the following terms and conditions:
  - the home meets the legal requirements of the State Uniform Construction Code, complies with local zoning, and complies with the latest available FEMA guidance for base flood elevations, unless exceptions are granted by TDHCA where the action is designed or modified to minimize harm to or within a floodplain;
  - assure the home will remain owner-occupied for at least three years after the repairs/replacement or a new purchase;
  - maintain hazard insurance and flood insurance;
  - subrogate claims for unpaid and outstanding insurance claims back to the Program; and
  - ensure mitigation efforts to reduce the impact of future storms are undertaken, if mitigation can be done to make a home safer and are cost beneficial to undertake, and if the homeowner's eligible assistance allows funds for such activities.

Benefit Calculation

The maximum benefit for the HAP is $40,000. This grant limitation is based on the average cost to repair homes with major or severe damage for a subset of FEMA registrants with real property damage who applied to the Small Business Administration for a loan to assist with repairing their property.

Benefits will be calculated as follows:

1. Estimate of Storm Damage Cost - The calculation of the benefit amount starts with the smaller of the following values:
   a. cost of completed repairs (if the work is substantially complete), or
   b. a damage assessment by FEMA, SBA, private insurance, or otherwise approved damage assessor.
2. Storm Damage Cost Gap – To avoid duplication of benefits, the Estimate of Storm Damage Cost will be reduced by the following:
   a. FEMA Grants which represent a duplication of benefits,
   b. homeowner insurance proceeds (Unpaid and outstanding insurance claims must be subrogated back to the State.),
   c. National Flood Insurance Program proceeds, and
   d. SBA Loans identified by SBA as a duplication of benefits will be paid down/off
3. Benefit Amount - The lesser of $40,000 or the Storm Damage Cost Gap is the amount of the HAP grant or deferred forgivable loan.

If the cost to fully repair the home exceeds that covered by the grant, then the homeowner must provide evidence that they have the available funds or can obtain financing from an outside source to cover the funding gap. Working with faith based or nonprofit organizations that provide funding, volunteer service, or other forms of self help assistance is an eligible source of such financing.

Eligibility of Homeowners Who Have Already Taken Action

The State recognizes that some homeowners, due to the catastrophic losses suffered from Hurricane Rita, are repairing or have repaired their homes prior to the launch of the Homeowner Assistance Program. If these homeowners can establish that they are still in a loss situation, they are encouraged to apply for HAP assistance. Such homeowners must meet all the eligibility requirements and submit valid receipts for the work which has been completed. TDHCA will ensure that an on-site inspection is conducted to confirm the repairs have been made and assure that the home meets Housing Quality Standards.

Distribution of Funding

A Request for Proposal (RFP) for this funding priority will be released immediately upon HUD's approval of this Action Plan. The RFP will clearly establish all milestones and timelines required to ensure that the funds are distributed in an expeditious manner.

The RFP will seek a qualified program management firm to administer this program throughout the eligible areas. To insure effectiveness of operations as well as accounting and control oversight, the respondent must:

- document their experience with administering such a program including evidence that they have previously developed and utilized effective standard operating procedures to validate eligibility, determine benefits procure and work with contractors, and account for the distribution of funds; and
- establish that they have the available resources and existing administrative systems required to effectively manage the program.

The respondent must also demonstrate that they will be able to implement and maintain a communications process that will reach eligible homeowners to tell them how to apply for benefits. The application process should be customer friendly and include the use of, but not be limited to, 1-800 numbers and a "one-stop" web portal. Local assistance facilities may be established where appropriate.

The management firm is encouraged to build upon the existing case management efforts of faith based, regional organizations, or nonprofit organizations. Reasonable costs incurred by these organizations to prequailify, document and counsel grant applicants are eligible program costs. The management firm is encouraged to review existing programs to facilitate efficient combining of existing applications currently in the targeted areas.

Grant applications shall be accepted on a first come, first served basis until all funds are utilized. Respondents will be strongly encouraged to assist those lower income households with the greatest need. The RFP will also clearly describe the specific efforts to ensure that the outreach efforts are uniformly performed across the region, that all grant applications are processed equitably, that the privacy of applicant information is maintained, and that an appeals process is in place that can effectively address applicant concerns.

Sabine Pass Restoration Program (SPRP)

While many communities in South East Texas were substantially impacted by Rita, the coastal community of Sabine Pass was nearly destroyed by the storm. To help address this need, funding in the amount of $12 million shall be made available to homeowners whose homes were damaged by Hurricane Rita. Because all of Sabine Pass is located within a special flood hazard area, such assistance shall be in the form of a deferred forgivable loan unless the funds are being used to move out of the flood zone.

Funding Purpose

Funding from the SPRP will serve three purposes.

1. As was the case with the HAP, up to $40,000 in home rehabilitation assistance will be made available for LMI homeowners. Such assistance will be available to both homeowners who had insurance in an insufficient amount to cover the storm damage as well as those who did not have homeowner's insurance. The eligible loan amount shall be calculated in the same manner as is done for the HAP assistance.
2. Homeowners may apply for assistance in an amount up to $30,000 to help defray the costs of elevating their damaged homes in accordance with FEMA advisory flood elevations or subsequent FEMA permanent maps. Unlike the home rehabilitation assistance described above, homeowner income restrictions do not apply for the home elevation assistance. These funds may also be used for other special construction improvements required to increase a home's ability to survive another significant storm event. A homeowner whose household includes a person with a disability or an elderly person may apply for an additional $15,000 in assistance for additional accessibility related costs associated with elevating the dwelling. While the home elevation assistance may serve all incomes, it is estimated that almost half of the owner occupied households in Sabine Pass are of LMI income.
3. In instances where a low to moderate income homeowners has experienced damage in an amount equal to or greater than 50 percent of the market value of the home at the time of the storm based on an appraisal and wants to move out of the flood plain, a grant in an amount up to $40,000 will be made available to purchase a new home elsewhere. The eligible grant amount shall be calculated in the same manner as is done for the HAP assistance.

Eligibility

The Hurricane Rita damaged home must be located in Census Tract 4824501160 which includes Sabine Pass (See Appendix D for a map of this tract.). With the exception of the household income requirements described in the "Funding Purpose" section above, all eligibility requirements associated with the HAP funding priority apply.

Requirements for Receiving Assistance

All requirements for receiving assistance associated with the HAP funding priority apply.

Distribution of Funding

The same program management firm used for the HAP funding priority will be used to manage the SPRP.

Assistance applications shall be accepted on a first come, first serve basis until all of the SPRP funds are utilized. In the event that the SPRP is fully utilized, if HAP funding is still available, it may be used to address storm damage to households in Census Tract 4824501160. Note that homeowners in Census Tract 4824501160 may only apply through the SPRP for Action Plan assistance.

Rental Housing Stock Restoration

Funding in the amount of $82,866,984 shall be made available in the form of a grant or loan to the owners of affordable rental properties that were damaged by Hurricane Rita. This funding amount complies with statutory provisions as interpreted by HUD in the Federal Register that requires that*"...not less than $1.0 billion of the $5.2 billion appropriation less $27.0 million in administrative set-asides (which computes to 19.3311 percent of any State's allocation) shall be used for repair, rehabilitation, and reconstruction (including demolition, site clearance and remediation) of the affordable rental housing stock (including public and other HUD- assisted housing) in the impacted areas. Therefore, HUD is requiring that not less than 19.3311 percent of each State's grant be used for these activities."* As further described in the *Federal Register*, Texas shall set aside $82.9 million which will be used for activities related to the *"repair, rehabilitation, and reconstruction (including demolition, site clearance and remediation) of the affordable rental housing stock (including public and other HUD-assisted housing) in the impacted areas."* This federally mandated set aside meets the national objective of serving low and moderate income persons because of the income restrictions placed on the occupancy of the affordable housing units which are being restored.

This funding will be allocated through a two tiered approach.

1. For 180 days, the NOFA will be open to multifamily properties with a minimum of 16 units. Applications for assistance for such properties shall be submitted to TDHCA for review and possible approval as described in the NOFA.
2. If after 180 days, all funds under the Rental Housing Stock Restoration have not been committed, then properties of fewer than 16 units, including single family units, may apply for assistance. This program will be administered through a contract management firm that has been selected for the HAP.

Eligibility Requirements

The applicant must satisfy the following basic eligibility requirements:

- The applicant must be able to prove ownership of the property at the time of Hurricane Rita (September 24, 2005).
- The applicant must establish that this property was physically damaged by Hurricane Rita through the provision of evidence that an insurance claim related to Hurricane Rita was filed and subsequently reviewed by their insurance provider.

Requirements for Receiving Assistance

In exchange for accepting funding assistance, each applicant must agree to the following requirements.

- At a minimum, the number of affordable housing units available on September 24, 2005 must be available when the construction has been completed.
- To assure that the assisted housing is as affordable as possible and is occupied by families with appropriate incomes, a land use restriction agreement must be recorded that establishes appropriate low to moderate rent and income limits for the period of years required by HUD regulations.
- All construction will be in accordance with the International Building Code (IBC) of 2003 or local municipal code, whichever is more stringent.
- Units that are being demolished and rebuilt shall be elevated in accordance with FEMA advisory flood elevations or subsequent FEMA permanent maps. In doing so, access needs for persons with disabilities must be met as required by State and Federal law.
- Maintenance of 100% insurance coverage on replacement values of the property for all hazard types will be required.

Grant Calculation

The amount and terms of the loan or grant shall be based on underwriting criteria established in the NOFA. The assistance amount for the first tier of funds shall be determined through an intensive review of the application by the Department's Real Estate Analysis Division. Among other items, this review will specifically assess each application's stated operating proforma, cost estimates, and area rental market conditions to develop the appropriate amount of and structure for the assistance. If available, the assistance amount for the post 180 day program awards shall be determined through careful review of the application conducted by the contract management company selected for the HAP.

Applicants are encouraged, but not required, to leverage other available resources to preserve affordable housing for low and very low income residents.

All application requests will be carefully scrutinized to ensure that the assistance does not duplicate any of benefits that the applicant may have received from other sources.

Distribution of Funding

TDHCA will issue a Notice of Funding Availability (NOFA) for the Rental Housing Stock Restoration assistance upon HUD's approval of this Action Plan. This NOFA will clearly establish the application acceptance period, threshold criteria, and selection criteria. The selection criteria will give a scoring priority to developments which:

- help persons avoid or transition from homelessness;
- serve households at very low income levels; and
- are constructed or will be rehabilitated in a manner that provides for low maintenance and energy efficiency.

HARRIS COUNTY PUBLIC SERVICE AND COMMUNITY DEVELOPMENT PROGRAM

Many Texas communities openly welcomed persons displaced by Hurricane Katrina. The initial and ongoing impact was felt most strongly in Houston and Harris County. With a reported peak of more than 400,000 displaced persons in the Harris County area, the area has worked tirelessly to provide ongoing assistance with food, shelter, clothing, emergency services, law enforcement, community services, education, and medical care. According to information provided by a Gallup poll commissioned by the Texas Health and Human Services Commission, Houston remains the transitional home to nearly half of the 251,000 people evacuated from Louisiana and elsewhere along the Gulf Coast as a result of Hurricane Katrina.

It is proposed under the Action Plan, that funding in the amount of $60 million be included in this funding priority for public service, community development, and housing activities in areas (police districts, schools, apartment complexes, neighborhoods) comprised predominantly of low to moderate income households and where it can be clearly demonstrated that the population within the area has seen a dramatic population increase due to an influx of Katrina evacuees.

The State has identified this as an important part of disaster recovery. However, the funds available for this effort does not meet all the need demonstrated in the request from the City of Houston and Harris County. It is expected that the City of Houston and Harris County will need to cooperatively determine where it is most appropriate to direct the dedicated resources under the requirements identified in the HUD release.

An amendment to this plan will follow detailing how the funding priorities will meet HUD's NOFA's requirements, the delivery mechanism, the distribution of funds and other HUD requirements. The amendment to this Action Plan may designate Harris County or the City of Houston as the subdivision of the State of Texas charged with administering these funds as they have a direct relationship with HUD as participating jurisdictions. If that designation is not made, and/or approved, the TDHCA, by and through its Governing Board, will administer these funds in the most appropriate manner.

RESTORATION OF CRITICAL INFRASTRUCTURE PROGRAM

While housing is the priority in this Action Plan, a number of significant infrastructure projects were identified as budget priorities. Approximately 10 percent of the available funding will be used for the restoration of critical infrastructure damaged by Rita. This $42 million will be used solely for infrastructure projects where there is outstanding damage and no other sources of funding can be obtained. The Office of Rural Community Affairs will administer activities awarded under this program through a contract with the TDHCA and approved by TDHCA's Governing Board.

Reserved Funds from the Restoration of Critical Infrastructure Program

As significant need for the following projects has already been clearly established and funding for these purposes has been accordingly reserved.

Memorial Hermann Baptist Orange Hospital

Funding in an amount of up to $6 million will be provided in the form of a grant to the Memorial Hermann Baptist Orange Hospital. In order to provide emergency medical care in Orange County, the Memorial Hermann Baptist Orange Hospital, the only emergency care hospital in the county, should be restored and hurricane damage repaired. The hospital also serves the entire Southeast Texas region, which consists of eight counties covering over 6,800 square miles.

The hospital was severely affected by Hurricane Rita. The storm's powerful winds removed rooftops and destroyed HVAC, power and water supply systems, buildings and windows, and caused water damage throughout various hospital facilities. Exposure to wind and water caused costly medical and surgical equipment to rust, corrode, or mold. As a result, in addition to repairing structural damages, the hospital must replace an extensive amount of expensive, high tech equipment, restock supplies, and recreate a sterile environment. After reimbursement from insurance and FEMA assistance, it is estimated that the hospital suffered over $20 million in uninsured damages from the storm. The Action Plan has established a budget priority of $6 million to assist with necessary remaining repairs.

Many citizens in this region are poor and medically underserved. In Orange County, the 2005 unemployment rate stood at 8%[1], while the median household income was $37,174[2]. This compares to Texas statewide figures for the same period of 5.3% unemployment and median household income of $42,139. Approximately 15.2% of individuals in Orange County were living below the poverty level. According to the U.S. Department of Health and Human Services, Hardin, Jefferson, and Orange Counties are the only places in Texas with both Medically Underserved Area (MUA) and Medically Underserved Population (MUP) designations.

Bridge City Water Infrastructure

Funding in an amount of up to $3.8 million will be provided in the form of a grant to Bridge City for water, sanitary sewer, and drainage structure work.

Hardin County Drainage Restoration Project

Funding in an amount up to $10 million will be provided in the form of a grant to Hardin County. This funding will assist the County with removal of vast amounts of fallen timber and debris that resulted from Hurricane Rita. Currently, this debris is blocking ditches and drainage areas, especially in the Pine Island Bayou area, causing flooding with each subsequent storm event.

Unreserved Funds from the Restoration of Critical Infrastructure Program

The remaining unreserved funds from the Restoration of Critical Infrastructure Program will be provided in the form of grants to help communities address unmet, critical infrastructure needs directly related to damage from Hurricane Rita.

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[1] U.S. Bureau of Labor Statistics
[2] U.S. Census 2000

Eligible activities include:

- flood and drainage projects (including flood buyouts in which the property is converted into open, undeveloped land);
- repair of roads and bridges, utilities, water control facilities, water supply facilities, waste water facilities, buildings and equipment, hospitals and other medical facilities; and
- debris removal.

Ineligible activities include:

- reimbursement of entities for disaster related funding that has been previously expended.
- assistance for storm shelters.

Evidence must be provided that all other options of financing have been explored and no other options are available.

Projects must be identified, approved, and underway within 12 months of approval of the Action Plan by HUD. Work must be substantially underway and drawing funds within 18 months. The TDHCA governing Board may reallocate any funds to HAP that have not been committed within 12 months or may deobligate committed funds where substantial progress has not been achieved within 18 months.

Eligibility Requirements

Infrastructure work must occur in one of the counties eligible for FEMA's Public Assistance Program for Hurricane Rita. These counties include Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, Walker, Cherokee, Gregg, Harrison, Houston, Marion, Panola, and Rusk.

Eligible applicants for these funds are local and county governments. Requests regarding utility reconstruction are limited to municipally owned entities

Adherences to Program Regulations

The following procedures will be followed to comply with HUD's CDBG program regulations for this project. The State or its designee will:

- review the procurement process utilized in the hiring of an architect and/or engineer for the project and will verify and document that the person/firm hired is not listed on the federal Excluded Parties List;
- review the professional services contract to ensure that it includes all required supplemental clauses and conditions;
- review the project's bid package and ensure inclusion of all required supplemental clauses and conditions, Federal Labor Standards Provisions, current wage decision(s), etc.;
- attend the pre-bid conference and the bid opening as necessary;
- obtain a copy of the bid tabulation and verify and document the eligibility of the contractor selected via the federal Excluded Parties List system;
- attend the pre-construction conference to ensure that all required Equal Opportunity forms and certifications are signed by the prime contractor and all subcontractors, as well as to provide these contractors with a list of eligible workers obtained from the State's Department of Labor. This list will help the contractor in meeting the Section 3 hiring goals requirement. At this conference, the Labor Standards requirements of weekly payrolls and daily inspections reports will be explained;
- review submitted payrolls, new and existing employee forms, payroll deduction authorization forms, etc., as well as conduct employee interviews and make site visits to the project when necessary. During the review of the payrolls,

it will be verified that Davis-Bacon and Contract Work Hours and Safety Standards Act (CWHSSA) requirements are being met and will ensure payment of restitution where needed;
- review and process Request for Payment (RFP) forms and supporting documentation, and will review change orders for reasonableness of cost and consistency with the project's scope of work; and
- prepare a Final Wage Compliance Report, accept clear liens, make final payments and issue Acceptance of Work Certificates.

STATE ADMINISTRATION FUNDS

The state may use up to 5 percent of the funding, approximately $21.1 million for the Departments' administrative expenses, including contract administration, compliance monitoring, and the provision of technical assistance.

GENERAL APPLICATION PROCESS

PREVIOUS PERFORMANCE

Each applicant's or respondents performance with previous state and federal funding assistance will be thoroughly reviewed to ensure they are in compliance with the program requirements. Specifically, they must be in compliance with both of the following sections of the Texas Administrative Code (TAC).
- As more thoroughly described in 10 TAC Sec. 1.3, "Delinquent Audits and Other Issues," applicants are ineligible to apply for Plan funds if they have any audits past due to TDHCA and are ineligible to receive funds until any unresolved TDHCA audit findings or questioned or disallowed costs are resolved.
- As more thoroughly described in 10 TAC Sec. 255.1(h)(6), an applicant that has one year's delinquent audit may apply for disaster funding but must satisfy all outstanding Office of Rural Community Affairs audits prior to award. A community with two years of delinquent audits may not apply for additional funding and may not receive a funding recommendation.

REGULATORY REQUIREMENTS

Contract awardees (applicants to NOFAs or respondents to an RFP that are awarded funds must comply with relevant fair housing, nondiscrimination, labor standards, and environmental requirements applicable to the CDBG Program.

FAIR HOUSING

Each contract awardee will be required to take steps to affirmatively further fair housing. TDHCA will require that special emphasis be placed on those communities who both geographically and categorically consist of individuals who comprise "protected classes" under the Civil Rights Act of 1964 and the Fair Housing Act of 1978 as amended. The efforts will be recorded in an "Affirmative Marketing Plan" which will be part of the application or RFP response submitted to the Department. At all times, "Housing Choice" will be an emphasis of program implementation and outreach will be conducted in the predominate language of the region where funds will be spent.

NONDISCRIMINATION

Each contract awardee will be required to adhere to the Department's established policies which ensure that no person be excluded, denied benefits or subjected to discrimination on the basis race, color, national origin, religion, sex, familial status, and/or physical and mental handicap under any program funded in whole or in part by Federal CDBG funds. Contract awardees will be required to document compliance with all nondiscrimination laws, executive orders, and regulations.

Labor Standards

Where required by CDBG regulations, the contract awardee will be required to oversee compliance with Davis-Bacon Labor Standards and related laws and regulations. Regulations require all laborers and mechanics employed by contractors or subcontractors on CDBG funded or CDBG assisted public works construction contracts in excess of $2,000, or residential construction or rehabilitation projects involving eight or more units be paid wages no less than those prescribed by the Department of Labor and in accordance with Davis Bacon Related Acts.

Environmental

Specific instructions concerning environmental requirements at 24 CFR Part 58 will be made available to all contract awardees. Some projects will be exempt from the environmental assessment process, but all contract awardees will be required to submit the Request for Release of Funds and Certification (HUD Form 7015.15) for those activities requiring environmental review. Funds will not be released for expenditure until TDHCA is satisfied that the appropriate environmental review has been conducted if required. Contract awardees will not use CDBG disaster recovery funds for any activity in an area delineated as a special flood hazard area in FEMA's most current flood advisory maps unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain in accordance with Executive Order 11988 and 24 CFR Part 55.

PREVENTING FRAUD, ABUSE OF FUNDS, AND DUPLICATION OF BENEFITS

TDHCA will monitor all contract expenditures for quality assurance and to prevent, detect, and eliminate fraud, waste and abuse as mandated by Executive Order RP 36, signed July 12, 2004, by the Governor. TDHCA will particularly emphasize mitigation of fraud, abuse and mismanagement related to accounting, procurement, and accountability which may also be investigated by the State Auditor's Office. TDHCA will monitor the compliance of applicants, and HUD will monitor the Department's compliance with this requirement.

Monitoring Standards and Procedures

TDHCA's monitoring procedures have been modified to specifically address the requirements of the CDBG Disaster Recovery Program. These procedures will ensure that all contracts funded under HUD disaster recovery allocation are carried out in accordance with federal and state laws, rules, regulations, and the requirements. The procedures will ensure that there are no duplication of benefits that have otherwise been covered by FEMA, private insurance, or any other federal assistance or any other funding source. Expenditures will be disallowed if the use of the funds is not an eligible CDBG activity, does not address disaster-related needs directly related to Hurricane Katrina or Hurricane Rita, or does not meet at least one of the three national CDBG objectives. In such case, contract awardees shall be required to refund the amount of the grant that was disallowed. To ensure that funds are spent promptly, contracts will be terminated if identified timetables/milestones are not met.

Quality Assurance

Continual monitoring efforts will provide quality assurance. These efforts will be guided by both CDBG Program requirements and responsibilities to low income Texans. In determining appropriate monitoring of the Action Plan, TDHCA will consider prior CDBG grant administration, audit findings, as well as factors such as complexity of the project. TDHCA will determine the areas to be monitored, the number of monitoring visits, and their frequency. Any entity administering CDBG Disaster Recovery funding will be monitored not less than once during the contract period. The monitoring will address program compliance with contract provisions, including national objectives, financial management, and the requirements of 24 CFR Part 58 ("Environmental Review Procedures for Entities Assuming

HUD Environmental Responsibilities") or 50 ("Protection and Enforcement of Environmental Quality.") as applicable TDHCA will utilize the checklists specifically developed for monitoring activities under this Action Plan.

These monitoring efforts include:

- identifying and tracking program and project activities to ensure the activities address needs caused by Hurricane Katrina or Hurricane Rita;
- identifying technical assistance needs of applicants;
- ensuring timely expenditure of CDBG funds;
- documenting compliance with program rules;
- preventing fraud and abuse;
- identifying innovative tools and techniques that help satisfy established goals; and
- ensuring quality workmanship in CDBG funded projects

Investigation

Section 321.022(a) of the Texas Government Code requires that if the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. TDHCA is responsible for referring suspected fraudulent activities to the state auditor's office as soon as is administratively feasible. The State Auditor reports directly to the Texas Legislature.

THDCA has also established a strong working relationship with HUD's Office of Inspector General during administration of the first supplemental CDBG Disaster Recovery funding. TDHCA anticipates that this partnership will be carried through to the Department's administration of the second supplemental funding round.

Independent Internal Audit

TDHCA and contract awardee are subject to the Single Audit Act. A "Single Audit" encompasses the review of compliance with program requirements and the proper expenditure of funds by an independent Certified Public Accountant or by the State Auditors Office. Reports from the State Auditors Office will be sent to the Office of the Governor, the Legislative Audit Committee and to the TDHCA Governing Board.

TDHCA has Internal Audit staff that perform independent internal audits of programs and can perform such audits on these programs and Applicants. TDHCA Internal Auditor reports directly to TDHCA's Governing Board.

Increasing Capacity of Implementation and Compliance

TDHCA staff will be provided with all training necessary to ensure that activities funded under this Action Plan are correctly administered. As contracts are made, necessary efforts to increase the capacity of local governments, subrecipients, applicants, contractors and any other entity responsible for administering funding under this Action Plan will be implemented to ensure they have the specific skills needed to successfully oversee the activity.

CONTRACT ADMINISTRATION

AMENDMENTS

ACTION PLAN AMENDMENTS

The following events would require a substantial amendment to the Action Plan:

- addition or deletion of any allowable activity described in the Action Plan;
- change in the allowable beneficiaries; or
- a change of more than five percent in the funding allocation between the activity categories described in the Action Plan (unless sufficient Applications are not received to meet the targeted percentages for each activity).

If a substantial amendment to the Action Plan is needed, then reasonable notice will be given to citizens and units of general local government to comment on the proposed changes. This notice must be provided to citizens in predominant languages of the region. Consistent with the desire to allocate these funds as quickly as possible, the public comment period will be the same as that utilized for the Action Plan. The Department's public comment notification, receipt, and response processes will also follow those used to develop the Action Plan.

CONTRACT AMENDMENTS

TDHCA will direct contract awardees to carefully plan projects that meet the stated requirements and to specify activities, associated costs, milestones/delivery dates, and proposed accomplishments and beneficiaries in order to reduce the need for amending contracts. Two-year contracts will be awarded. Contract amendments that vary more than 10 percent in budget categories or project deliverables must be approved by the TDHCA Governing Board.

TDHCA will follow an established, consistent process for amendments. Contract awardees shall contact TDHCA prior to requesting an amendment or contract modification that affects the budget, activities, beneficiaries or timeframe for accomplishing the work. Should a proposed amendment result in the need for modification of this Action Plan, the state will follow the process required by HUD for this disaster recovery funding.

Substantial amendments may be cause to review the entire Application or Response submitted to determine if the project is meeting its stated goals and its timelines.

CERTIFICATIONS REQUIRED

The use of the disaster funding is contingent upon certain requirements, and both TDHCA and contract awardees will be expected to certify that these requirements will be met or carried out. Applicable federal and state laws, rules and regulations are listed in the NOFA or RFP, and the designee authorized by the contract awardee will be required to certify in writing that the grant will be carried out in accordance with the stated requirements.

Anti-Displacement and Relocation

Each contract awardee must certify that they will minimize displacement of persons or entities and assist any persons or entities displaced in accordance with the Uniform Anti-Displacement and Relocation Act and local policy.

HUD Action Plan Certification

TDHCA has provided a fully executed copy of HUD Required Certifications for State Governments, Waiver and Alternative Requirement as in Appendix E.

Citizen Complaints

Each contract awardee must have adopted procedures for responding to citizens' complaints as is required under the Texas Small Cities Nonentitlement CDBG Program or Entitlement programs. Citizens must be provided with the address, phone numbers, and times for submitting such complaints or grievances. Contract awardee must provide a written response to every citizen complaint within 15 working days of the complaint, if practicable.

Documentation and Reporting

Each contract awardee must submit or maintain documentation that fully supports the application that was submitted to TDHCA. Requirements relating to such documentation will be established in the Application Guide. Any recipient of public funds in Texas is subject to Texas Government Code Chapter 552, commonly called the Public Information Act. Records retention policies must meet federal Office of Management and Budget guidelines and/or other applicable state or local statute with regards to record retention.

Each contract awardee must report on a quarterly basis (on a form provided by TDHCA) on the status of the activities undertaken and the funds drawn. Quarterly status reports will be due to TDHCA within 15 calendar days following the end of the quarter. TDHCA will then report to HUD using the online Disaster Recovery Grant Reporting system.

More frequent reports may be required if the contract awardee has missed milestones/or has not met substantial elements of the Application.

Match Requirement

The provisions at 42 USC 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap State administration expenditures and require a dollar for dollar match of State funds for administrative costs exceeding $100,000.

Program Income

Any program income earned as a result of activities funded under this grant will be subject to 24 CFR 570.489(e), which defines program income and provides when such income must be paid to the state.

Timeframe for Completion

Availability of funds provisions in 31 USC 1551-1557, added by section 1405 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510), limit the availability of certain appropriations for expenditure. This limitation may not be waived. However, the Appropriations Act for these grants directs that these funds be available until expended unless, in accordance with 31 USC 1555, TDHCA determine that the purposes for which the appropriation has been made have been carried out and no disbursement has been made against the appropriation for two consecutive fiscal years. In such case, TDHCA shall close out the grant prior to expenditure of all funds. All grants will be in the form of a contract between the Applicant and TDHCA that adheres to the federal time limitation.

APPENDIX A. REQUESTED WAIVERS

During the development of the Action Plan and the public comment period, particular attention will be paid to identifying issues that require additional waivers from HUD to address specific regional and local recovery needs.

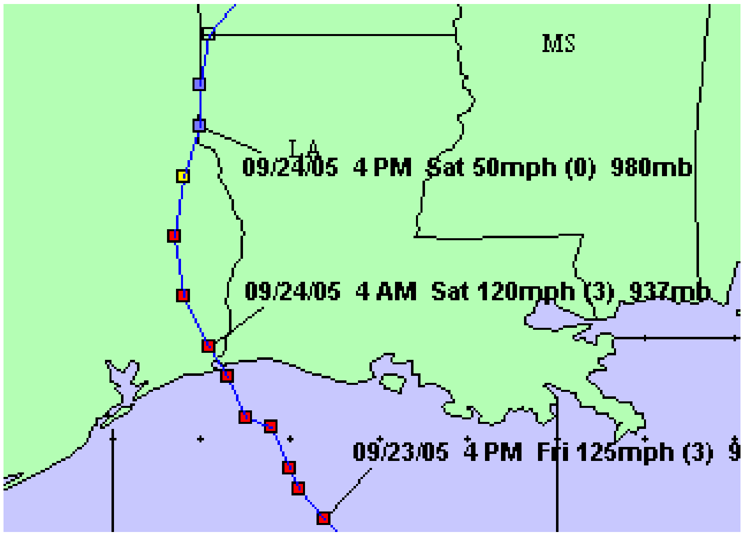
APPENDIX B. DEPARTMENT'S RESPONSE TO PUBLIC COMMENT

A summary of Public Comment and the Department's reasoned responses will be provided in the final Action Plan.

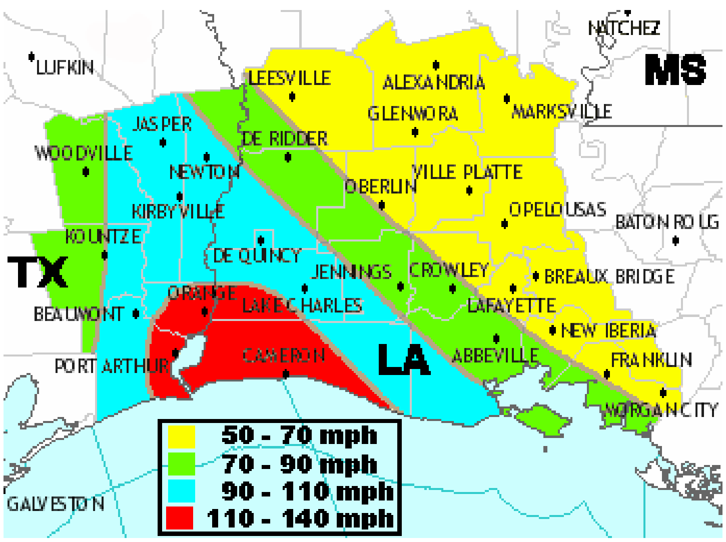
APPENDIX C. HURRICANE RITA TRACK, STORM SURGE, AND MAXIMUM WIND GUSTS

Source: All maps are from the National Weather Service Forecast Office, Lake Charles, LA website visited on 11/14/2006. http://www.srh.weather.gov/lch/rita/rita_main.php

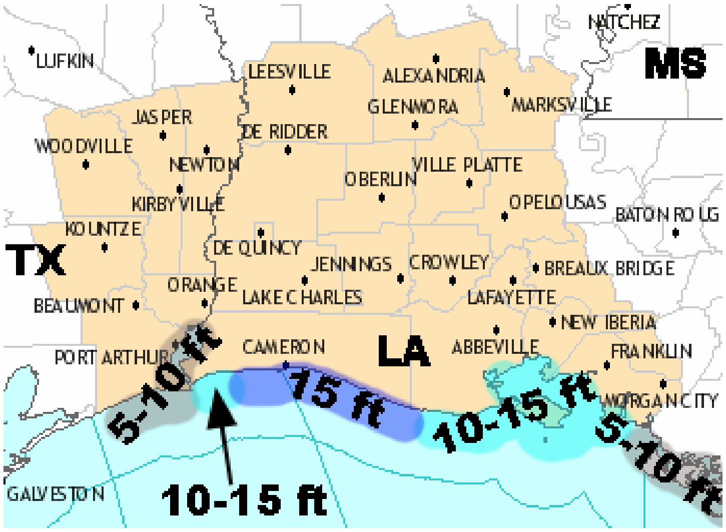
Hurricane Rita Track



Hurricane Rita Maximum Wind Gusts

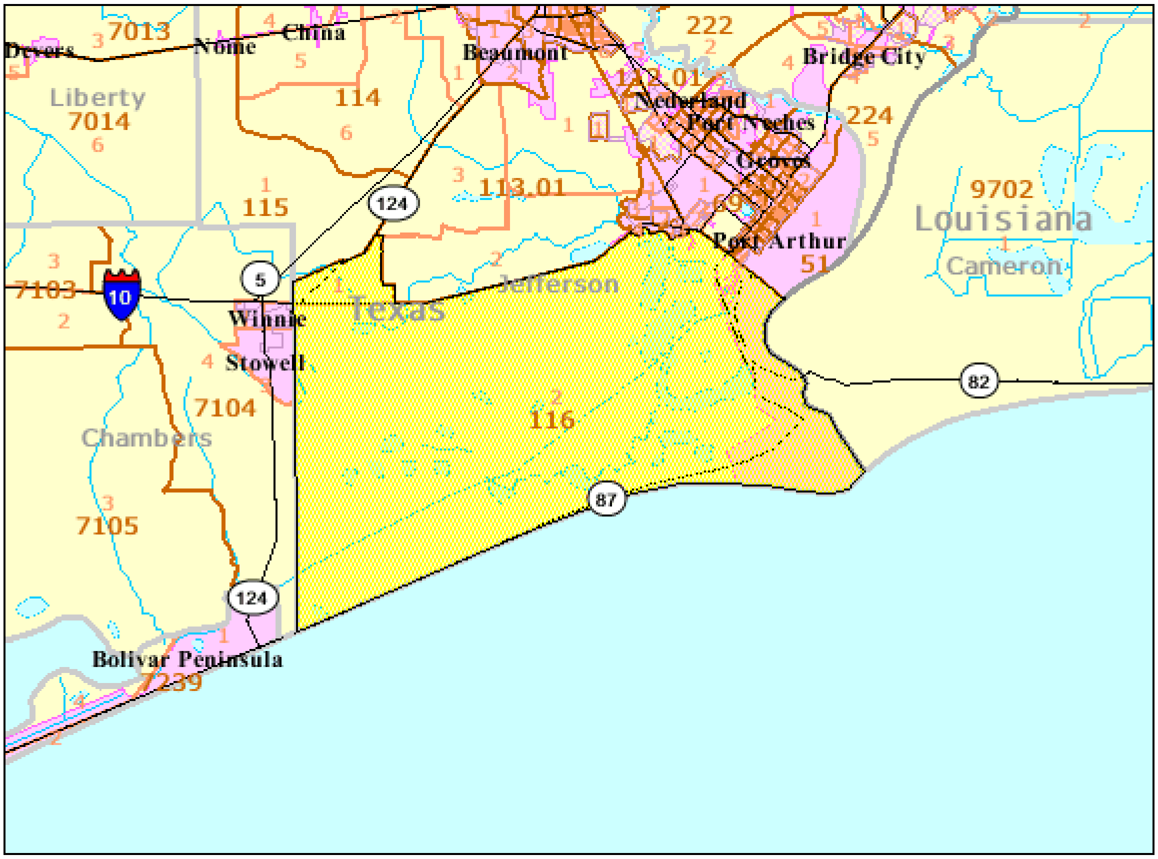


Hurricane Rita Storm Surge



APPENDIX D. MAP OF CENSUS TRACT 4824501160 WHICH INCLUDES SABINE PASS

Source: US Census website visited 11/16/2006. http://factfinder.census.gov



APPENDIX E. HUD REQUIRED CERTIFICATIONS FOR STATE GOVERNMENTS, WAIVER AND ALTERNATIVE REQUIREMENT

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Item

Presentation, discussion and possible approval of 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.

Department policy requires that the commitment rate and expenditure rate of each contract be analyzed when processing extension requests. Extension requests will only be considered by the Department to complete activities that are in process and that have been committed in the TDHCA Contract System. Commitment is defined as contract funds that have been pledged to an eligible household. These funds must be entered electronically into the TDHCA Contract System by the Administrator, and the funds must be approved electronically by the Department in the TDHCA Contract System. Before commitments are entered in the TDHCA Contract System all household and budget information must be verified by the Administrator. Documentation must be submitted to the Department to substantiate the commitment of funds.

Brewster County Contract Number 1000186

Summary of Request

Brewster County (County) previously requested an amendment to extend the contract end date as a result of delays completing the environmental process because of several houses not cleared by the Texas Historical Commission. The contract start date was January 1, 2004; the first amendment was approved by the board on June 9, 2006 extending the end date of the contract for eleven (11) months, from December 31, 2005 to November 30, 2006.

The County is requesting a second amendment to further extend the end date of their contract for two (2) additional months from November 30, 2006 to January 31, 2007. The County states that unseasonable October rainfall delayed demolition and foundation work on the homes. The building contractor lost twenty (20) days of work due to the unusually wet conditions. The County states that a two (2) month extension is necessary to complete reconstruction on the eight (8) homes. All eight (8) homes are more than fifty percent (50%) complete.

The number of assisted households will also be reduced from nine (9) to eight (8), or a reduction of eleven percent (11%). The reduction in the number of units will result in deobligated funds of $68,557.

	Original	Requested	Change	Percent Reduction
Households	9	8	(1)	11.0%
Budget	$520,000	$451,443	($68,557)	13.0%

Amendment Number:	2
Activity Type:	Owner Occupied Reconstruction (OCC)
Contract Executor:	Judge Val Beard
Contract Consultant:	Grantworks, Inc.
Contract Start Date:	January 1, 2004
Contract End Date:	November 30, 2006
Requested End Date:	March 31, 2007
Service Area:	Brewster County
Total Budget Amount:	$520,000
Project Amount:	$500,000
Administration Amount:	$20,000
Households Required:	9
Households Assisted:	8
Amount Drawn:	$100,200

Requested Action

Staff does not recommend approval of the amendment. At the time of the first extension for eleven (11) months, the County 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 County has only expended nineteen percent (19%) of the contract funds.

If the board chooses to approve the amendment, and the contract end date would be extended for four (4) months from November 30, 2006 to March 31, 2007 - two (2) more months than actually requested to ensure sufficient time to complete construction, the required beneficiaries would be reduced from nine (9) to eight (8), and the contract amount would be reduced to $451,443. The approval of this amendment would require the County to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.
- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

Edinburg Housing Opportunity Corporation Contract Number 1000189

Summary of Request

Edinburg Housing Opportunity Corporation (Administrator) is requesting modifications to income targeting requirements from the 30% income limit to the 60% income limit for fifteen (15) households to allow them to receive assistance in conjunction with the Texas Colonia Bootstrap Program, which allows income levels up to the 60% income limit.

To date, nine (9) homes have been completed, eight (8) homes are near completion, and an additional seven (7) homes have been initiated. One (1) of the assisted households is at the 80% income limit. To allow for successful implementation of this HOME contract with the Bootstrap Program and to allow assistance to a household at the 80% limit, the Administrator has requested an increase in the income limits as indicated in the table below:

	2006 Income Limits (4 Person)	Original	Requested	Variance
30% AMFI	$12,950	11	3	(8)
50% AMFI	$21,550	19	12	(7)
60% AMFI	$25,860		14	14
80% AMFI	$34,500		1	1
Total		30	30	

Since the majority of applicants to the program have incomes at or below the 60% area median family income (AMFI), the Administrator states that they will be able to comply with the amended income limits.

Amendment Number:	2
Activity Type:	CHDO Single Family Development
Contract Executor:	Isabel Mercado, Program Administrator
Contract Start Date:	October 1, 2003
Contract End Date:	September 30, 2007
Service Area:	Edinburg, Hidalgo County
Total Budget Amount:	$300,000
Amount Committed	$160,000
Amount Drawn:	$132,000
Households Required:	30
Households Committed:	16

Requested Action

Staff does not recommend the approval of the amendment. If the board chooses to approve the amendment, the income targeting requirements would be modified according to the above table. The approval of this amendment would require the Administrator to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.
- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

City of Granger Contract Number 1000290

Summary of Request
The City of Granger (City) is requesting to reduce the number of assisted households from four (4) to one (1), or a reduction of seventy five (75%) percent. The reduction in the number of units will result in deobligated funds of $131,588. The City is also requesting a six (6) month extension in order to complete construction.

	Original	Requested	Change	Percent Change
Households	4	1	(3)	75.0%
Budget	$188,663	$57,075	($131,588)	70.0%

Amendment Number:	1
Activity Type:	Owner Occupied Assistance (OCC) Contract (Reconstruction)
Contract Executor:	Mayor Jerry Lalla
Contract Start Date:	October 1, 2004
Contract End Date:	September 30, 2006
Requested End Date:	March 31, 2007
Service Area:	Rural area of Granger, Williamson County
Total Budget Amount:	$188,663
Project Amount:	$181,407
Administration Amount:	$7,256
Amount Committed:	$54,880
Amount Drawn:	$0
Households Required:	4
Households Committed:	1

Requested Action

Staff does not recommend the approval of the amendment. If the board chooses to approve the amendment, and the contract end date would be extended for six (6) months from September 30, 2006 to March 31, 2007 to ensure sufficient time to complete construction, the required beneficiaries would be reduced from four (4) to one (1), and the contract amount would be reduced to $57,075. The approval of this amendment would require the City to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.
- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

Coastal Bend Center for Independent Living Contract Number 1000360

Summary of Request

Accessible Communities, Incorporated, dba Coastal Bend Center for Independent Living (Administrator) was awarded $265,000 on February 1, 2005. Their first amendment, which increased the contract budget by $487,264 and extended the end date of the contract for three (3) months, was executed on November 30, 2005.

The Administrator is requesting a second amendment to further extend the end date of their contract for twelve (12) months from October 31, 2007 to October 31, 2008. The Administrator states that a twelve (12) month extension is necessary to allow them to assist tenants for an additional full year to prevent households from returning to nursing facilities.

Amendment Number:	2
Activity Type:	Tenant Based Rental Assistance (TBRA) – Olmstead Setaside
Contract Executor:	Judy Telge, Executive Director
Contract Start Date:	February 1, 2005
Contract End Date:	October 31, 2007
Requested End Date:	October 31, 2008
Service Area:	Statewide
Total Budget Amount:	$752,264
Project Amount:	$709,642
Administration Amount:	$42,622
Households Required:	65
Households Assisted:	84
Amount Drawn:	$251,183

Requested Action

The Department recommends the extension. If the board chooses to approve the amendment, the contract end date would be extended from October 31, 2007 to October 31, 2008. The approval of this amendment would require the Administrator to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.
- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

San Augustine County Contract Number 1000604

Summary of Request
San Augustine County (County) is requesting a six (6) month extension and modifications to income targeting requirements as follows to allow them to assist households that they would otherwise not be able to assist.

	2006 Income Limits (4 Person)	Original	Requested	Variance	**Recom mended**	**Variance**
30% AMFI	$12,950	3		(3)		**(3)**
50% AMFI	$21,550		3	3		
60% AMFI	$25,860				**3**	**3**
Total		3	3		**3**	

The County states that they will be able to comply with the increased income limits. If the amendment is not granted, the County may not be able to assist the required number of households. Households below the 30% income limit will be assisted in the form of a grant; households assisted below the 50% income limit will be assisted in the form of a five-year deferred forgivable loan; and households assisted below the 80% limit will be assisted in the form of a zero percent, thirty year repayable loan.

The County has not yet committed the funds; however, because the original contract term was only twelve (12) months and because of the original restrictive income limits, the County requests a contract extension prior to the commitment of the funds.

Amendment Number:	1
Activity Type:	Owner Occupied (OCC) – Hurricane Rita Disaster Relief
Contract Executor:	Judge Wayne Holt
Contract Start Date:	April 17, 2006
Contract End Date:	April 17, 2007
Requested End Date:	October 31, 2007
Service Area:	San Augustine County
Total Budget Amount:	$173,334
Project Amount:	$166,667
Administration Amount:	$6,667
Amount Committed	$0.00
Amount Drawn:	$0.00
Households Required:	3
Households Committed:	0

Requested Action
The Department recommends approval of the amendment as noted in the *Recommended* column in the above table. If the board chooses to approve the amendment, the contract end date would be extended from April 17, 2007 to October 31, 2007 and the income targeting requirements would be modified according to the targets under *Recommended* in the above table. The approval of this amendment would require the County to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.

- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

Trinity County Contract Number 1000605

Summary of Request
Trinity County (County) is requesting a six (6) month extension and modifications to income targeting requirements as follows to allow them to assist households that they would otherwise not be able to assist.

	2006 Income Limits (4 Person)	Original	Requested	Variance	**Recommended**	**Variance**
30% AMFI	$12,950	3		(3)		**(3)**
50% AMFI	$21,550		3	3		
60% AMFI	$25,860				**3**	**3**
Total		3	3		**3**	

The County states that they will be able to comply with the increased income limits. If the amendment is not granted, the County may not be able to assist the required number of households. Households below the 30% income limit will be assisted in the form of a grant; households assisted below the 50% income limit will be assisted in the form of a five-year deferred forgivable loan; and households assisted below the 80% limit will be assisted in the form of a zero percent, thirty year repayable loan.

The County has not yet committed the funds; however, because the original contract term was only twelve (12) months and because of the original restrictive income limits, the County requests a contract extension prior to the commitment of the funds.

Amendment Number:	1
Activity Type:	Owner Occupied (OCC) – Hurricane Rita Disaster Relief
Contract Executor:	Judge Mark Evans
Contract Start Date:	April 17, 2006
Contract End Date:	April 17, 2007
Requested End Date:	October 31, 2007
Service Area:	Trinity County
Total Budget Amount:	$173,334
Project Amount:	$166,667
Administration Amount:	$6,667
Amount Committed	$0.00
Amount Drawn:	$0.00
Households Required:	3
Households Committed:	0

Requested Action
The Department recommends approval of the amendment as noted in the *Recommended* column in the above table. If the board chooses to approve the amendment, the contract end date would be extended from April 17, 2007 to October 31, 2007 and the income targeting requirements would be modified according to the targets under *Recommended* in the above table. The approval of this amendment would require the County to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.

- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

Angelina County Contract Number 1000607

Summary of Request
San Augustine County (County) is requesting a six (6) month extension and modifications to income targeting requirements as follows to allow them to assist households that they would otherwise not be able to assist.

	2006 Income Limits (4 Person)	Original	Requested	Variance	**Recom mended**	**Variance**
30% AMFI	$14,050	5		(5)		**(5)**
50% AMFI	$23,400		5	5		
60% AMFI	$28,080				**5**	**5**
Total		5	5		**5**	

The County states that they will be able to comply with the increased income limits. If the amendment is not granted, the County may not be able to assist the required number of households. Households below the 30% income limit will be assisted in the form of a grant; households assisted below the 50% income limit will be assisted in the form of a five-year deferred forgivable loan; and households assisted below the 80% limit will be assisted in the form of a zero percent, thirty year repayable loan.

The County has not yet committed the funds; however, because the original contract term was only twelve (12) months and because of the original restrictive income limits, the County requests a contract extension prior to the commitment of the funds.

Amendment Number:	1
Activity Type:	Owner Occupied (OCC) – Hurricane Rita Disaster Relief
Contract Executor:	Judge Joe Berry
Contract Start Date:	April 17, 2006
Contract End Date:	April 17, 2007
Requested End Date:	October 31, 2007
Service Area:	San Augustine County
Total Budget Amount:	$173,334
Project Amount:	$166,667
Administration Amount:	$6,667
Amount Committed	$0.00
Amount Drawn:	$0.00
Households Required:	3
Households Committed:	0

Requested Action
The Department recommends approval of the amendment as noted in the *Recommended* column in the above table. If the board chooses to approve the amendment, the contract end date would be extended from April 17, 2007 to October 31, 2007 and the income targeting requirements would be modified according to the targets under *Recommended* in the above table. The approval of this amendment would require the County to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.

- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

COUNTY OF BREWSTER

Val Beard, County Judge
P.O. Drawer 1630 • Alpine, Texas 79831 • 915-837-2412

October 31, 2006

RECEIVED
OCT 31 2006
EXECUTIVE

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

Re: Brewster County HOME Project #1000186

logged 1000186?

Dear Mr. Gerber:

I am requesting a very short extension on the above Home Program. While four of our new homes will be completed by November 20, 2006, unseasonable October rainfall delayed demolition and foundation work on the remaining new homes. At last count, our contractor had lost twenty days of work due to unusually wet conditions in October. This is quite unusual for our part of the State and something which the contractor could not plan for. Our contractor is confident that a 30 day extension will provide sufficient time in which to complete the remaining homes. Your consideration and granting of this brief extension for the remaining homes will allow the orderly completion of this project.

We do so appreciate your time and attention to this project for our elderly, low income citizens.

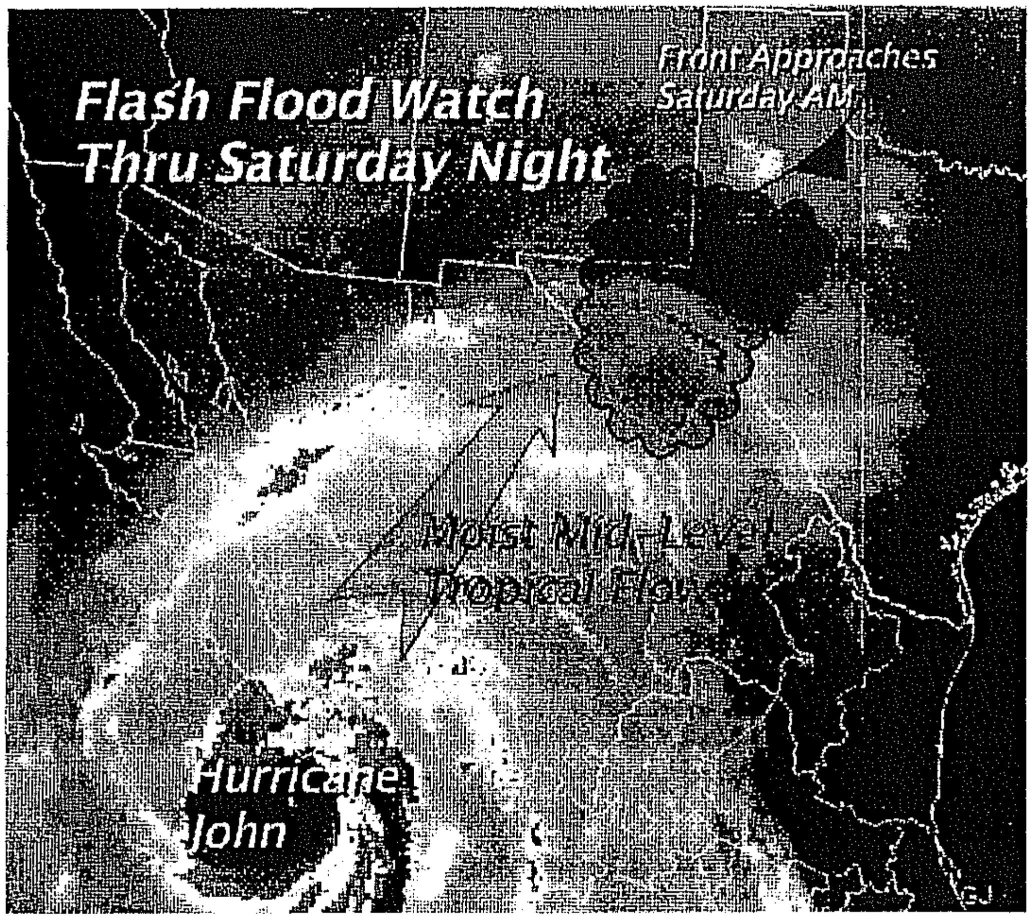
Respectfully,

Val Clark Beard

Val Clark Beard

Val –
Lets route this internally – it's circumstances beyond their control – weather.
Thanks. L.

– confirm schedule w/ contractor
– confirm weather



Those planning outdoor activities this holiday weekend should stay tuned to the Midland National Weather Service website, NOAA Weather Radio, or local media and radio stations for the latest weather information regarding the heavy rain and flooding potential.

Other Recent Headlines:

11/9/2006 - New Aviation Forecast for Fort Stockton
11/3/2006 - Reeves County Gets All-Hazards Radio
10/9/2006 - Severe Tstm Watch in Effect This Evening
9/1/2006 - Rainfall Reports for 8/31/2006

National Weather Service
Midland/Odessa Weather Forecast Office
2500 Challenger Drive
Midland, TX 79706
Phone: 432-563-5006
Web Master's E-mail: sr-maf.webmaster@noaa.gov

Severe Tstm Watch in Effect This Evening

A strong upper level storm system located over Arizona early this evening will move east toward New Mexico and far West Texas tonight. Increasing mid and upper level winds and lift ahead of this system will combine with ample moisture to produce scattered to numerous thunderstorms across much of West Texas and Southeastern New Mexico through tonight. Some thunderstorms will have the potential to become severe, with large hail and damaging winds the main threats. A Severe Thunderstorm Watch has been issued for much of West Texas and Southeastern New Mexico until 1 AM CDT (Midnight MDT).

weather.gov

National Weather Service Forecast Office

Midland/Odessa, TX

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Local weather forecast by "City, St" or zip code

City, St Go

Current Hazards
West Texas & Southeast New Mexico
National

Current Conditions
Observations
Satellite Images
Rivers & Lakes AHPS
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Hydrology

Radar Imagery
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Forecasts
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Fire Weather
Severe Weather
Winter Weather
Tropical Weather

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Education/Outreach
Weather Radio
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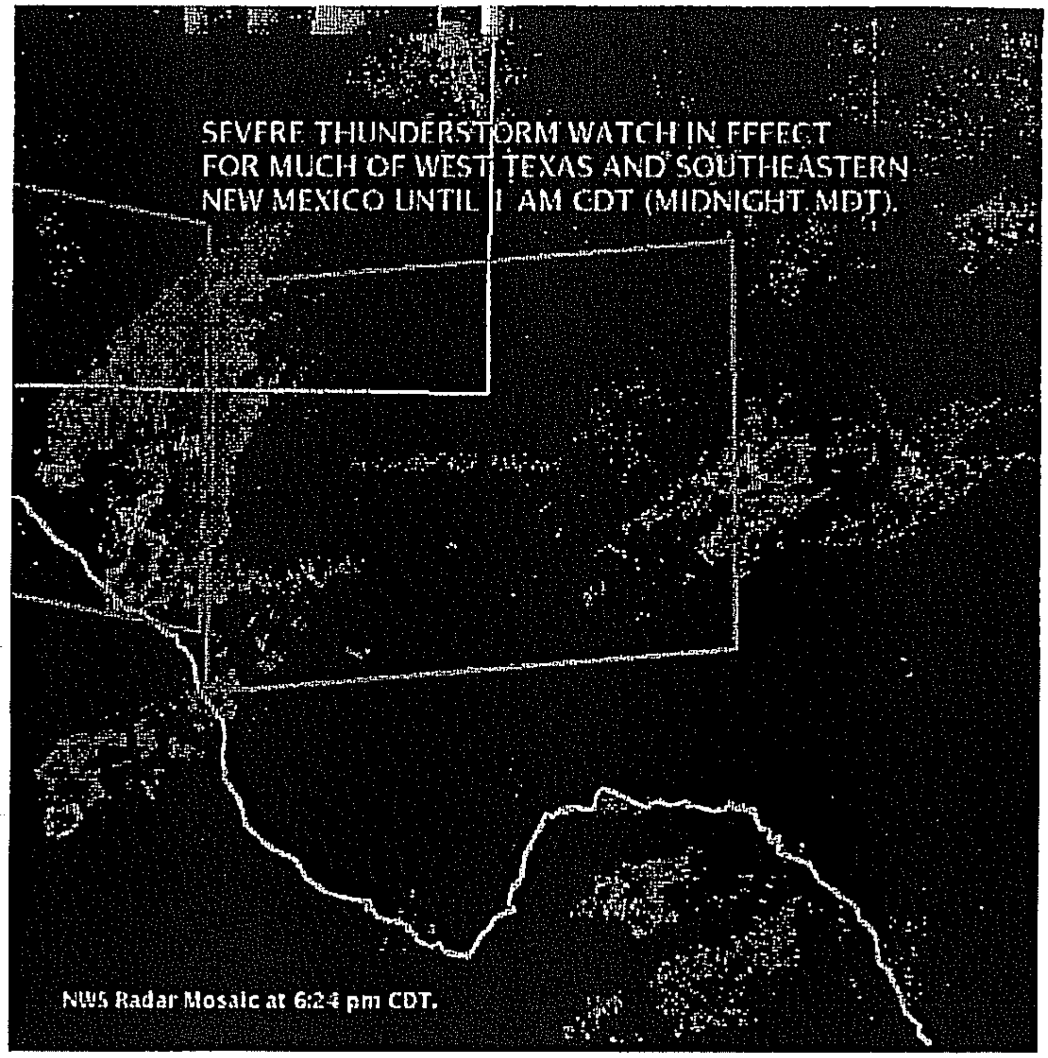
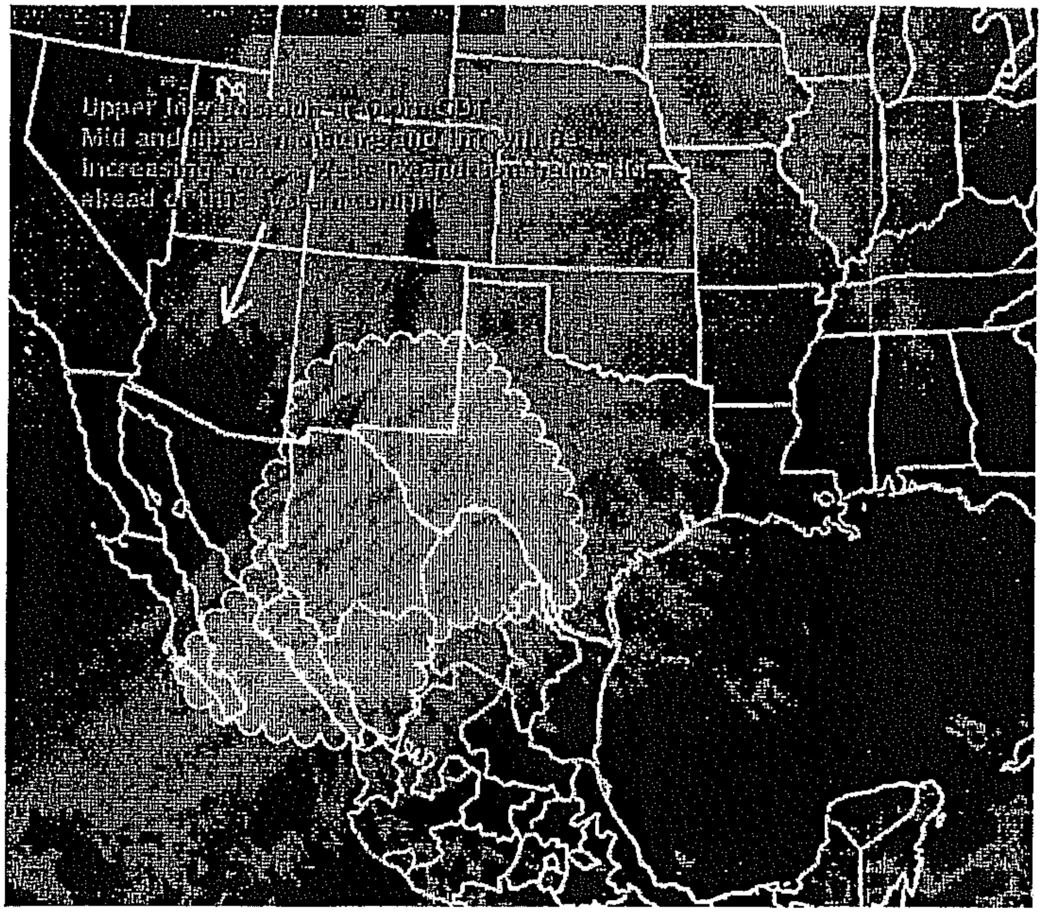
Heavy Rains Likely Through This Weekend

Several factors will come into play to set the stage for heavy rains across west Texas and southeastern New Mexico this weekend. Abundant subtropical moisture will continue to spread northeastward across the region from Hurricane John that is located near the tip of Baja in the eastern Pacific Ocean. Several upper air disturbances embedded within this moisture plume will combine with the abundant low level moisture and instability in place to produce scattered to numerous showers and thunderstorms across the region tonight. Additional heavy rains are likely this weekend, as a strong cold front pushes southward into the area. A Flash Flood Watch remains in effect for all of west Texas and southeastern New Mexico tonight through Sunday morning.



Regional Radar Imagery as of 6:25 pm CDT. The Severe Thunderstorm Watch Box is overlaid in blue, effective for much of West Texas and Southeastern New Mexico until 1 AM CDT (Midnight MDT).



Water Vapor satellite imagery showing the center of the upper low over arizona early this evening. Mid and upper level lift will increase across West Texas and Southeastern New Mexico ahead of this system tonight, which will aid in the development of scattered to numerous thunderstorms.

Other Recent Headlines:

11/9/2006 - New Aviation Forecast for Fort Stockton
11/3/2006 - Reeves County Gets All-Hazards Radio
9/1/2006 - Heavy Rains Likely Through This Weekend
9/1/2006 - Rainfall Reports for 8/31/2006

National Weather Service
Midland/Odessa Weather Forecast Office
2500 Challenger Drive
Midland, TX 79706
Phone: 432-563-5006
Web Master's E-mail: sr-maf.webmaster@noaa.gov

10/9/06

weather.gov

National Weather Service

NEW Precipitation Analysis

This is an experimental product.

Local weather forecast by "City, St" or zip code City, St [Go]

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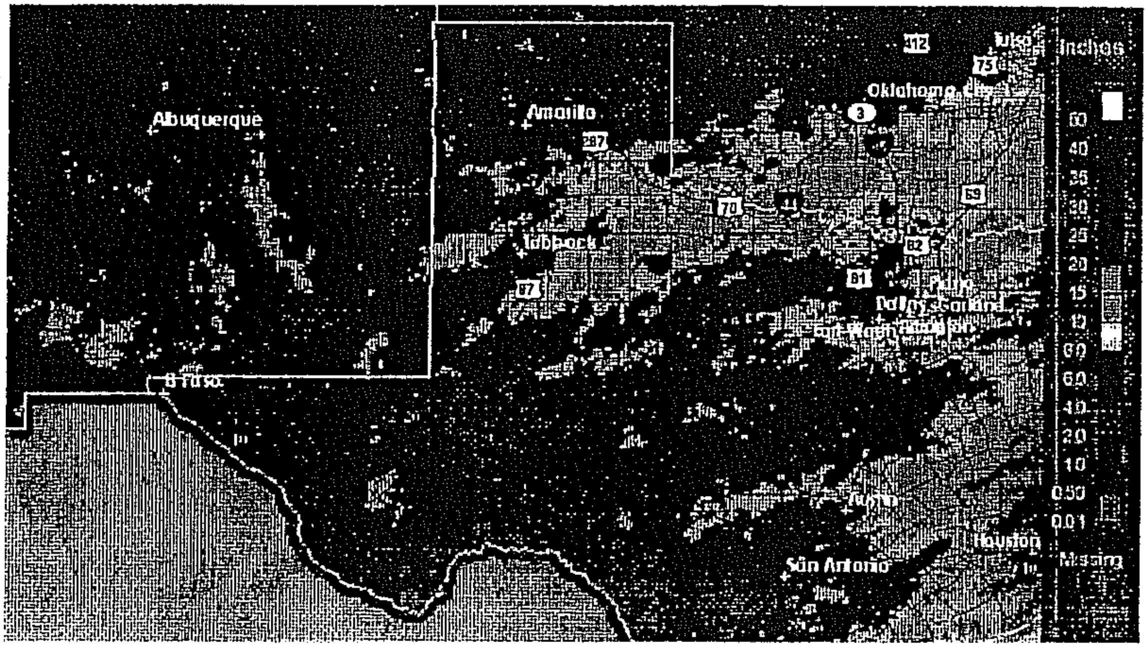
West Texas
90-Day Observed Precipitation - Valid 11/20/2006 1200 UTC

Click on the image to zoom in
Click on "States" to zoom out



☑ Topo ☑ Pcpn Amount ☑ Counties ☐ Rivers ☑ States ☑ Highway/City ☐ RFC Boundary Last Update: 11/20/2006 1734 UTC

1. Timeframe » **2. Product** **3. Location** » **4. Units**

(•) Current Data
( ) Archive: Month/Year
( ) Archive: Daily

November 20, 2006
November 20, 2006 - Last 7 Days
November 20, 2006 - Last 14 Days
November 20, 2006 - Last 30 Days
November 20, 2006 - Last 60 Days

Observed
Normal
Departure from Normal
Percent of Normal

(•) States
( ) NWS RFC/Regions

Continental United States
Alabama
Arizona
Arkansas
California

(•) English
( ) Metric

National Weather Service
Southern Region Headquarters
Comments on this page? Contact Us
Page last modified: February 7, 2006

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Please note this information is preliminary and subject to revision. Official and certified climatic data can be accessed at the National Climatic Data Center (NCDC) (http://www.ncdc.noaa.gov/oa/ncdc.html).

```
000
SXUS74 KMAF 010225
RERMAF

RECORD EVENT REPORT
NATIONAL WEATHER SERVICE MIDLAND/ODESSA TX
925 PM CDT THU AUG 31 2006

...RECORD DAILY MAXIMUM RAINFALL SET AT MIDLAND...

8/31/06
A RECORD RAINFALL OF 2.11 INCHES WAS SET AT MIDLAND
INTERNATIONAL AIRPORT TODAY. THIS BREAKS THE OLD RECORD OF
1.42 INCHES SET ON THIS DATE IN 1994.  WITH ADDITIONAL RAINFALL
OCCURING AT THE AIRPORT...THIS RECORD TOTAL WILL INCREASE.
                        August
SO FAR THIS MONTH...MIDLAND INTERNATIONAL AIRPORT HAS MEASURED
5.80 INCHES OF RAIN.  AUGUST 2006 NOW IS THE WETTEST AUGUST SINCE
RECORDS BEGAN IN 1930.  THE PREVIOUS WETTEST AUGUST ON RECORD
WAS IN 1934 WHEN 5.34 INCHES OF RAIN WAS REPORTED.
```

Please note this information is preliminary and subject to revision. Official and certified climatic data can be accessed at the National Climatic Data Center (NCDC) (http://www.ncdc.noaa.gov/oa/ncdc.html).

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000
SXUS74 KMAF 290612 CCA
RERMAF

RECORD EVENT REPORT
NATIONAL WEATHER SERVICE MIDLAND/ODESSA TX
111 AM CDT SAT JUL 29 2006

...RECORD DAILY MAXIMUM RAINFALL SET AT MIDLAND...

 A RECORD RAINFALL OF 1.48 INCHES WAS SET AT MIDLAND YESTERDAY JUL
28 2006.  THIS BREAKS THE OLD RECORD OF 1.08 INCHES SET IN 1990.
```

Please note this information is preliminary and subject to revision. Official and certified climatic data can be accessed at the National Climatic Data Center (NCDC) (http://www.ncdc.noaa.gov/oa/ncdc.html).

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000
CXUS54 KMAF 011351
CLMMAF


CLIMATE REPORT
NATIONAL WEATHER SERVICE MIDLAND/ODESSA TX
751 AM CST WED NOV 1 2006

..................................

...THE MIDLAND CLIMATE SUMMARY FOR THE MONTH OF OCTOBER 2006...

CLIMATE NORMAL PERIOD 1971 TO 2000
CLIMATE RECORD PERIOD 1930 TO 2006

WEATHER          OBSERVED          NORMAL  DEPART  LAST YEAR`S
                  VALUE   DATE(S)  VALUE   FROM    VALUE  DATE(S)
                                           NORMAL
..................................................................
TEMPERATURE (F)
RECORD
 HIGH              100   10/08/1979
 LOW                24   10/30/1993
HIGHEST             89   10/03        77      12       95  10/01
                         10/02
LOWEST              38   10/29        51     -13       37  10/25
                         10/28
                         10/22
AVG. MAXIMUM      76.4              77.7    -1.3     74.8
AVG. MINIMUM      52.0              51.6     0.4     52.7
MEAN              64.2              64.4    -0.2     63.8
DAYS MAX >= 90       0               2.4    -2.4        1
DAYS MAX <= 32       0               0.0     0.0        0
DAYS MIN <= 32       0               0.3    -0.3        0
DAYS MIN <= 0        0               0.0     0.0        0

PRECIPITATION (INCHES)
RECORD
 MAXIMUM          7.45   1986
 MINIMUM          0.00   1952
TOTALS            1.46              1.77   -0.31     3.74
DAILY AVG.        0.05              0.06   -0.01     0.12
DAYS >= .01          4               4.7    -0.7        6
DAYS >= .10          3               2.9     0.1        4
DAYS >= .50          1               1.1    -0.1        4
DAYS >= 1.00         0               0.5    -0.5        2
GREATEST
```

```
  24 HR. TOTAL     1.14   10/15 TO 10/16              2.17

 SNOWFALL (INCHES)
 RECORDS
  TOTAL             0.0   2002
                          2001
 TOTALS             0.0                 T       0.0      0.0
 SINCE 7/1          0.0                 T       0.0      0.0
 SNOWDEPTH AVG.       0                 0         0        0
 DAYS >= 1.0          0               0.0       0.0        0
 GREATEST
  SNOW DEPTH          0   MM                               0  MM
  24 HR TOTAL       0.0   10/31 TO 10/31                 0.0

 DEGREE_DAYS
 HEATING TOTAL      104                103        1      121
  SINCE 7/1         109                122      -13      124
 COOLING TOTAL       85                 83        2       93
  SINCE 1/1        2504               2135      369     2259
.................................................................

 WIND (MPH)
 AVERAGE WIND SPEED                 10.0
 HIGHEST WIND SPEED/DIRECTION       29/260    DATE  10/16
 HIGHEST GUST SPEED/DIRECTION       33/270    DATE  10/16

 SKY COVER
 POSSIBLE SUNSHINE (PERCENT)   92

 NUMBER OF DAYS FAIR           27
 NUMBER OF DAYS PC              1
 NUMBER OF DAYS CLOUDY          3

 AVERAGE RH (PERCENT)      59

 WEATHER CONDITIONS. NUMBER OF DAYS WITH
 THUNDERSTORM              4     MIXED PRECIP               0
 HEAVY RAIN                4     RAIN                       3
 LIGHT RAIN                5     FREEZING RAIN              0
 LT FREEZING RAIN          0     HAIL                       0
 HEAVY SNOW                0     SNOW                       0
 LIGHT SNOW                0     SLEET                      0
 FOG                       6     FOG W/VIS <= 1/4 MILE      0
 HAZE                      3

 -  INDICATES NEGATIVE NUMBERS.
 R  INDICATES RECORD WAS SET OR TIED.
 MM INDICATES DATA IS MISSING.
 T  INDICATES TRACE AMOUNT.
```

Please note this information is preliminary and subject to revision. Official and certified climatic data can be accessed at the National Climatic Data Center (NCDC) (http://www.ncdc.noaa.gov/oa/ncdc.html).

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000
CXUS54 KMAF 011423
CLMMAF


CLIMATE REPORT
NATIONAL WEATHER SERVICE MIDLAND/ODESSA TX
923 AM CDT SUN OCT 1 2006

..................................

...THE MIDLAND CLIMATE SUMMARY FOR THE MONTH OF SEPTEMBER 2006...

CLIMATE NORMAL PERIOD 1971 TO 2000
CLIMATE RECORD PERIOD 1930 TO 2006

WEATHER          OBSERVED          NORMAL  DEPART  LAST YEAR`S
                  VALUE   DATE(S)  VALUE   FROM    VALUE  DATE(S)
                                           NORMAL
...............................................................
TEMPERATURE (F)
RECORD
 HIGH              107   09/20/1953
 LOW                36   09/24/1989
HIGHEST             92   09/27        86       6     102  09/25
                         09/22
                         09/16
LOWEST              49   09/29        62     -13      54  09/29
AVG. MAXIMUM      82.4              86.5    -4.1    91.7
AVG. MINIMUM      60.5              61.9    -1.4    64.1
MEAN              71.4              73.9    -2.5    77.9
DAYS MAX >= 90       5              11.9    -6.9      21
DAYS MAX <= 32       0               0.0     0.0       0
DAYS MIN <= 32       0               0.0     0.0       0
DAYS MIN <= 0        0               0.0     0.0       0

PRECIPITATION (INCHES)
RECORD
 MAXIMUM          9.70   1980
 MINIMUM          0.00   2000
TOTALS            1.26              2.31   -1.05       T
DAILY AVG.        0.04              0.08   -0.04       T
DAYS >= .01          6               6.0     0.0       0
DAYS >= .10          2               3.6    -1.6       0
DAYS >= .50          1               1.6    -0.6       0
DAYS >= 1.00         0               0.6    -0.6       0
GREATEST
 24 HR. TOTAL     0.96   09/03 TO 09/04                T
```

DEGREE_DAYS

HEATING TOTAL	5	19	-14	3
SINCE 7/1	5	19	-14	3
COOLING TOTAL	205	281	-76	397
SINCE 1/1	2419	2052	367	2166

....

WIND (MPH)

AVERAGE WIND SPEED	9.6		
HIGHEST WIND SPEED/DIRECTION	32/270	DATE	09/21
HIGHEST GUST SPEED/DIRECTION	37/250	DATE	09/21

SKY COVER

POSSIBLE SUNSHINE (PERCENT) 73

NUMBER OF DAYS FAIR	24
NUMBER OF DAYS PC	4
NUMBER OF DAYS CLOUDY	2

AVERAGE RH (PERCENT) 61

WEATHER CONDITIONS. NUMBER OF DAYS WITH

THUNDERSTORM	3	MIXED PRECIP	0
HEAVY RAIN	1	RAIN	2
LIGHT RAIN	6	FREEZING RAIN	0
LT FREEZING RAIN	0	HAIL	0
HEAVY SNOW	0	SNOW	0
LIGHT SNOW	0	SLEET	0
FOG	7	FOG W/VIS <= 1/4 MILE	0
HAZE	1		

\- INDICATES NEGATIVE NUMBERS.
R INDICATES RECORD WAS SET OR TIED.
MM INDICATES DATA IS MISSING.
T INDICATES TRACE AMOUNT.

weather.gov

National Weather Service

NEW Precipitation Analysis

This is an experimental product.

Local weather forecast by "City, St" or zip code City, St Go

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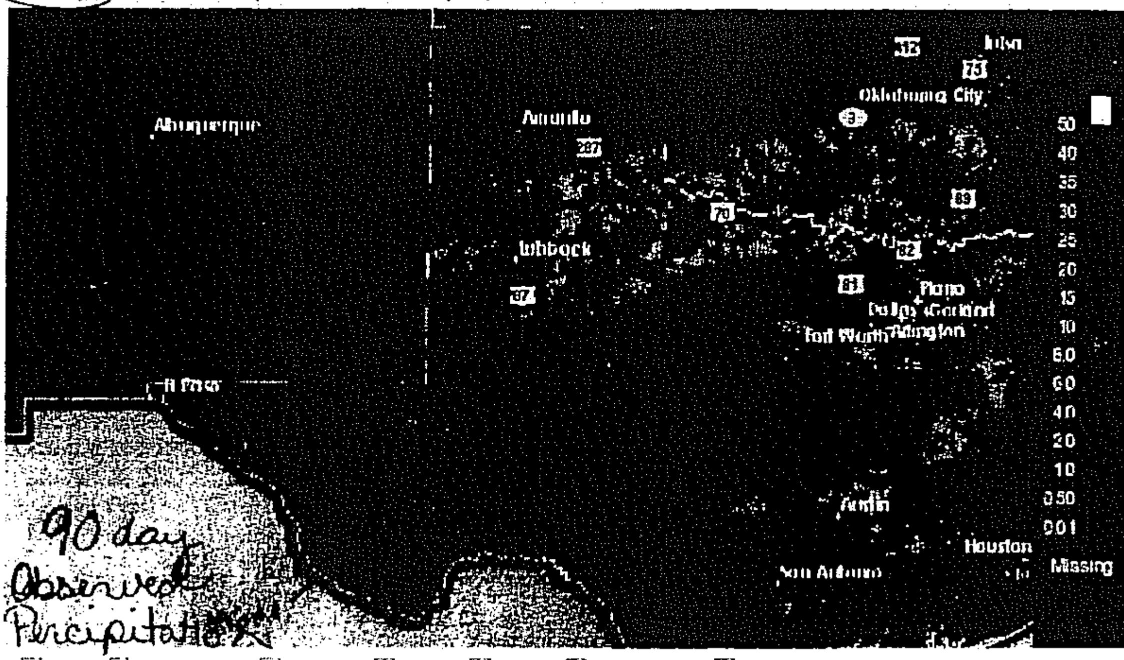
West Texas
90-Day Observed Precipitation - Valid 11/20/2006 1200 UTC

Click on the image to zoom in
Click on "States" to zoom out



[✓] Topo [✓] Pcpn Amount [✓] Counties [ ] Rivers [✓] States [✓] Highway/City [ ] RFC Boundary Last Update 11/20/2006 1734 UTC

1. Timeframe
(•) Current Data
( ) Archive: Month/Year
( ) Archive: Daily

November 20, 2006
November 20, 2006 - Last 7 Days
November 20, 2006 - Last 14 Days *
November 20, 2006 - Last 30 Days *
November 20, 2006 - Last 60 Days

2. Product

[illegible]
Normal
Departure from Normal
Percent of Normal

3. Location
(•) States
( ) NWS RFC/Regions

Continental United States
Alabama
Arizona
Arkansas
California

4. Units
(•) English
( ) Metric

National Weather Service
Southern Region Headquarters
Comments on this page? Contact Us
Page last modified: February 7, 2006

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- Alpine, TX Brewster County
- 90-day Observed Precipitation from: the National Weather Service.

10" of rain total

* Last 14-30 days of rain considered a departure from normal.

www.srh.noaa.gov

National Weather Service

Precipitation Analysis

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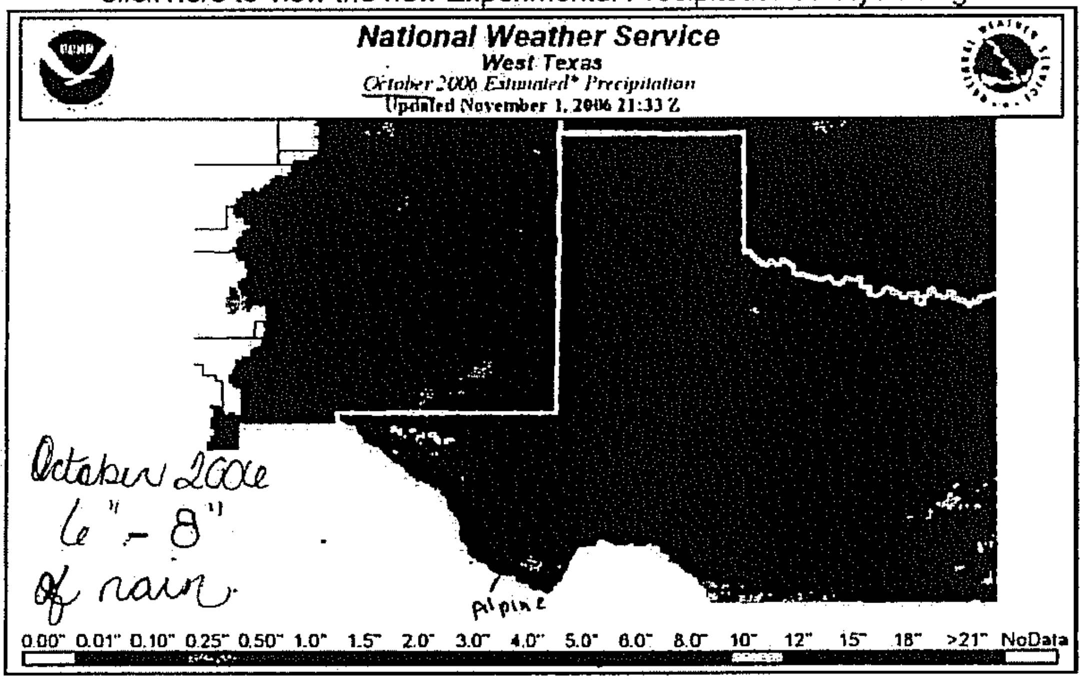
Click here to view the new Experimental Precipitation Analysis Page



View Larger Version of the Image

Select the product:

Current:

Archive: 2006 October Entire Month Go!

Select the image: 4-Panel

Select the location (or click on the image): Texas - West

Download data for GIS applications: Go!

These pages graphically describe the short-term climatic trends of precipitation across the state of Texas - West .Click here to read the original technical write-up regarding production of these graphics.

- "Observed precipitation estimate" images are a composite of all daily precipitation estimates for the specified duration.
- "Normal precipitation" images are derived from PRISM climate data. [1] [2] The PRISM gridded climate maps are considered the most detailed, highest-quality spatial climate datasets currently available.
  [1] CONUS data – 2003 precipitation analysis uses PRISM data from 1961-1990. 2004 analysis uses PRISM data from 1971-2000.
  [2] Puerto Rico PRISM data comes from a separate project by the International Institute of Tropical Forestry (Ref: Daly, C, E.H. Helmer and M. Quiñones. 2003. Mapping the climate of Puerto Rico, Vieques and Culebra. International Journal of Climatology 23:1353-1381.)
- "Departure-from-Normal" images are produced by subtracting each "normal precipitation" grid cell from its "observed precipitation estimate counterpart.
- "Percent-of-Normal" images are the product of dividing each "observed precipitation estimate" grid cell by its "normal precipitation" counterpart.

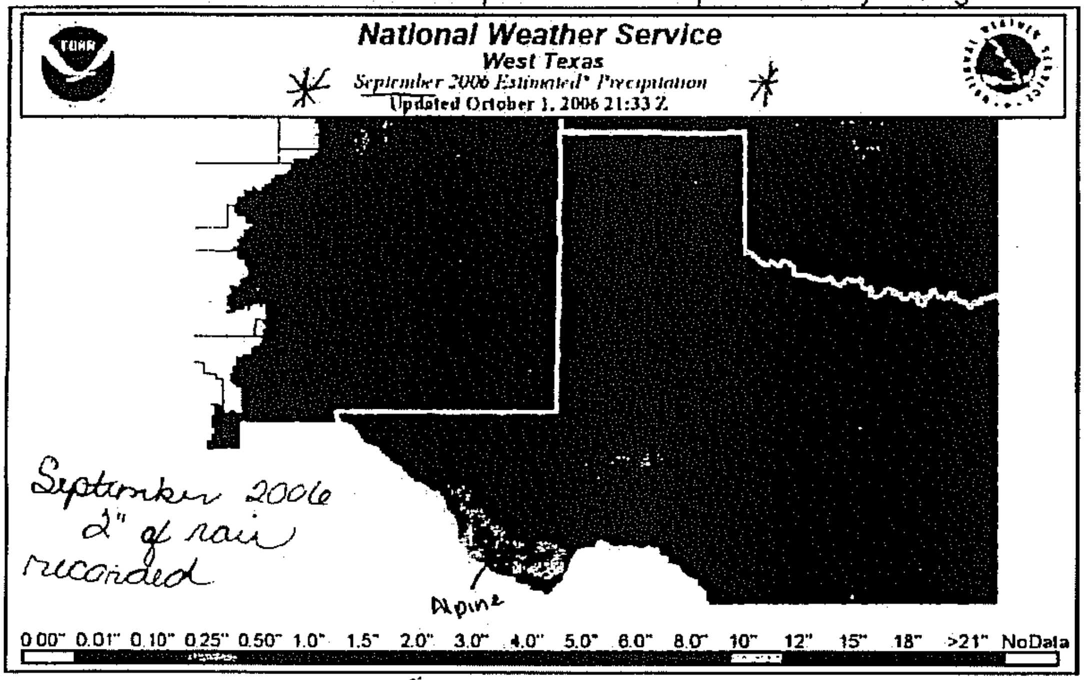
We'd love to hear your comments. Click here to submit your feedback.

www.srh.noaa.gov

National Weather Service
Precipitation Analysis

News Organization Search Enter Search Here Go

Click here to view the new Experimental Precipitation Analysis Page



View Larger Version of the Image

Select the product:	Select the Image:	Select the location (or click on the image):
Current:	Observed	Texas - West
Archive: 2006 September Entire Month Go!		

Download data for GIS applications: Go!

These pages graphically describe the short-term climatic trends of precipitation across the state of Texas - West .Click here to read the original technical write-up regarding production of these graphics.

- "Observed precipitation estimate" images are a composite of all daily precipitation estimates for the specified duration.
- "Normal precipitation" images are derived from PRISM climate data. [1] [2] The PRISM gridded climate maps are considered the most detailed, highest-quality spatial climate datasets currently available.
  [1] CONUS data – 2003 precipitation analysis uses PRISM data from 1961-1990. 2004 analysis uses PRISM data from 1971-2000.
  [2] Puerto Rico PRISM data comes from a separate project by the International Institute of Tropical Forestry (Ref: Daly, C. E.H. Helmer and M. Quiñones. 2003. Mapping the climate of Puerto Rico, Vieques and Culebra. International Journal of Climatology 23:1353-1381.)
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We'd love to hear your comments. Click here to submit your feedback.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOME Investment Partnerships Program
Contract Status Report - OCC

Administrator: Brewster County

Contract #: 1000186

Address: P.O. Box 1630 City: Alpine, TX 79831

Entity Type: Non-CHDO

Consultant: Grantworks, Inc.

Activity Type: OCC

CONTRACT TERM

Begin Date:	End Date:	Contract Term	Months Elapsed	% Elapsed
01/01/2004	11/30/2006	35	35	97%

CONTRACT BALANCES

	Total Budget	Total Draws	Committed	Total Balance	% Drawn	% Committed
Federal Projec	$ 500,000.00	$ 0.00	$ 434,080.00	$ 500,000.00	0.00%	% 86.82
Program Inc.	$ 0.00	$ 0.00	$ 0.00	$ 0.00		
Administrative	$ 20,000.00	$ 2,000.00	$ 0.00	$ 18,000.00	10.00%	% 0.00
TOTAL	$ 520,000.00	$ 2,000.00	$ 434,080.00	$ 518,000.00	0.38%	% 86.82

MATCH INFORMATION

Total Required	Required per % drawn	Reported Amount	Over/(Under)
$ 51,600.00	$ 0.00	$ 0.00	$ 0.00

As additional draws are processed, required match amount will increase.

HOUSEHOLDS ASSISTED

# Required	# Completed	Over/(Under)	% Completed
9	0	(9)	0%

(REQUIRED) Provide completion percentage, anticipated completion dates and comments on all activities still in progress.

Activity #	% Completed	Anticipated Completion Date
24910	50 +	11-30-06
24912	50 +	11-30-06
24913	50 +	11-30-06
24914	50 +	11-30-06
25280	50 +	11-30-06
25281	50 +	11-30-06
25282	50 +	11-30-06
25369	50 +	11-30-06

Comments/Status:

Due to bad weather in October we requested an extension. We have submitted 50% draws & contribution is back underway. We are back on schedule.

I have reviewed the above information and provided relevant comments and status on all activities.

[signature]

Signature (Authorized Signature)

Brewster Co. Commissioner, Pct. 4 — Title

11-9-2006 — Date

** Form must be completed, signed and returned to the Department. Please return to the following address: TDHCA, ATTN: Betty Gallegos, P.O. Box 13941, Austin, TX 78711-3941 or by fax to (512)475-0220.

- 1 result(s) returned

CONTRACT

Contract Number	1000186	Program Activity	OCC (Single-Family 2003)	Status	Active
CSAS Number(s)	543236	Contractor	Brewster County	UOG Code	489043
Period Begin Date	1/1/04	Contact	Val Clark Beard	UOG Number	1
Period End Date	12/31/05	Contact Phone	(432) 837-2412	CPS Number (IDIS)	0187
Amended End Date	11/30/06	Grant	yes	Mail Code	005
Application Number	20030161	Loan	no ---	Executor	Val Clark Beard
Consultant	Grantworks, Inc.	Consultant Phone	(512) 420-0303	Contract Activity Number (IDIS)	24637
Single Audit Status	Audit Certification due on 03/01/2007Click here to submit the form				

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$20,000.00	$20,000.00	$20,000.00	$0.00	$0.00	$2,000.00	$2,000.00	$0.00	$18,000.00
Project	$500,000.00	$500,000.00	$500,000.00	$434,080.00	$0.00	$98,200.00	$98,200.00	$0.00	$401,800.00
Total	$520,000.00	$520,000.00	$520,000.00	$434,080.00	$0.00	$100,200.00	$100,200.00	$0.00	$419,800.00

Allocation Detail Budget Detail Draw History Draw Request

SETASIDES

Setaside Type None

CONTRACT DETAIL

Board Approval Date	12/11/03	Units	9	PJ	no
Certificate of Completion Date		Projects Set Up	8		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	3/9/04	Match Funds	$51,600.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

Edinburg Housing Opportunity Corporation
2112 W. University Drive #902
Edinburg, Texas 78539
956-447-5706
956-447-5739 (Fax)

VIA FACSIMILE 512-475-3359

September 1, 2006

Ms. Lucy Trevino
Portfolio Analysis Manager
TDHCA
P.O. Box 13941
Austin, Texas 78711-3941

RE: Edinburg Housing Opportunity Corporation
Contract No. 1000189

Dear Ms. Trevino:

The Edinburg Housing Opportunity Corporation is requesting an amendment to the above-referenced contract. We are requesting the income levels of the households we are serving be increased to "60% or less of the AMFI" on the remaining twenty-four (24) grants. We are currently administering the HOME Program in conjunction with the Texas Colonia Bootstrap Program and the income limits at the OCI office is 60% of the AMFI. If we are going to use both programs simultaneously to help families obtain home ownership, it is easier to have the same income limits on both programs. I understand that Merardo Macal (our previous administrator) discussed this change with TDHCA personnel; however, Mr. Macal failed to formally request the change at the time our contract was amended.

We currently have funded four grants at 40% of the AMFI and two grants at 50%. Of the remaining eleven we have at 30%, we are having difficulty finding families at this income level who are willing to make the transition to home ownership. These families prefer to continue living in housing projects.

The EHOC started construction on nine homes. Of those nine homes, two families are at 30%, two are at 40%, and five are at 50%. We are processing eight more applications as follows: one at 40%, four at 50%, and three at 60%. As you can see, there are no new families at 30% and three families at 60% are interested.

By amending our contract to "60% or less" on the remaining 24 grants, we will be in a better position to help the low-income population in Hidalgo County. The one thing we want to avoid is to have a family qualify through the Colonia Bootstrap Program and then they are not able to

RECEIVED

SEP 08 2006

COMPLIANCE

---

purchase their home due to the income restrictions of the HOME program. We want to be able to help any family with a 60% AMFI or less who want to be a homeowner.

I would sincerely appreciate it if you would contact me as soon as possible with your decision. My email address is ***Isabel@gsmc.cc***, my telephone number is 956-447-5706, and my fax number is 956-447-5739. Time is of the essence; we would like to continue processing the applications we have and meet the construction deadline of the Colonia Bootstrap Program.

Should you have any questions concerning this matter, do not hesitate to contact me.

Sincerely,

Edinburg Housing Opportunity Corporation

Isabel Mercado, Adm.

Isabel Mercado
Administrator

- 1 result(s) returned

CONTRACT

Contract Number	1000189	Program Activity	HBA (Single-Family 2003)	Status	Active
CSAS Number(s)	542240	Contractor	Edinburg Housing Opportunity Corporation	UOG Code	481608
Period Begin Date	10/1/03	Contact	Yvette Loya	UOG Number	2
Period End Date	9/30/05	Contact Phone	(956) 383-3839	CPS Number (IDIS)	0209
Amended End Date	9/30/07	Grant	yes	Mail Code	000
Application Number	2003-053	Loan	no	Executor	Isabel Mercado
Consultant		Consultant Phone		Contract Activity Number (IDIS)	

Single Audit Status: No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
CHDO Operating	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CHDO Project	$300,000.00	$300,000.00	$300,000.00	$160,000.00	$0.00	$132,000.00	$132,000.00	$0.00	$168,000.00
Total	$300,000.00	$300,000.00	$300,000.00	$160,000.00	$0.00	$132,000.00	$132,000.00	$0.00	$168,000.00

Allocation Detail | Budget Detail | Draw History | Draw Request

SETASIDES

Setaside Type CHDO

CONTRACT DETAIL

Board Approval Date	7/30/03	Units	30	PJ	no
Certificate of Completion Date		Projects Set Up	16		
Closeout Visit Date		Projects Completed	6	Fund with Multi Year	yes
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	4/20/04	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

ltrevino: Change Password | Logout | My TDHCA | TDHCA H(

TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Contract #1000189 > Performance Requirements

CSAS Number(s): 542240

Performance Requirements

PERFORMANCE REQUIREMENTS

	Income Restrictions		Rent Restrictions
AMFI	Projected	Reported	Projected
30%	11	3	0
31% - 40%	0	8	0
41% - 50%	19	4	0
51% - 60%	0	0	0
61% - 80%	0	1	0
Total Restricted Units	30	16	0

SPECIAL NEEDS

Special Need	Projected	Reported
Alcohol and Drug Addiction	0	0
Elderly Populations	0	1
Homeless Populations	0	0
People With Disabilities	0	0
Persons with HIV/AIDS	0	0
Victims of Domestic Violence	0	0
Colonias	0	0
Migrant Farmworkers	0	0
General	0	0
Total Special Needs	0	1

CITY OF GRANGER

- P. O. BOX 367 • 214 E. DAVILLA ST. • GRANGER, TEXAS 76530
512/859-2755 • 512/8592871 (FAX)

Jerry Lalla
Mayor

Margaret Doss
City Secretary

Dan Wolf
Mayor ProTem

Councilmembers
Carl Caldwell
Toni Mace
Jill Cox

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

RE: City of Granger
Home Investment Partnerships Program Contract #1000290

Dear Ms. Trevino,

The City of Granger has appealed for an extension to the above referenced Home Investment Partnerships Program (HOME) contract. At the request of Valerie Gonzales, we are submitting a supplemental letter that describes the extenuating circumstances that have lead to this request.

When the application for HOME funds was submitted to TDHCA, there were a number of families interested in the program who qualified under the 30% AMI set aside. However, once the City of Granger opened the Application Period, only one family met the income guidelines. In an effort to comply with TDHCA guidelines, a second Application Period was opened. However, once again there were not enough applicants at 30% AMI. The City has requested a six-month extension (March 31, 2006) to complete the remaining contract activities and would like to modify the contract to allow households at 50% AMI. There are two households that we have identified in the Contract System that receive SSI, but have been forced to take part-time jobs to earn the income necessary to make ends meet. The added income has placed them at 50% AMI. As evidenced by the pictures submitted to TDHCA, the homes are in disrepair and the families are in dire need of assistance.

can → not do

The City of Granger and its residents appreciate the opportunity to participate in the HOME program and look forward to completing a successful project. Should you have any questions or need additional information, please do not hesitate to contact me at (512) 859-2755.

Sincerely,

Jerry Lalla

Jerry Lalla, Mayor

will be going from 4 HH to 1 HH

CITY OF GRANGER

P. O. BOX 367 ▯ 214 E. DAVILLA ST. ▯ GRANGER, TEXAS 76530
512/859-2755 ▯ 512/859-2871 (FAX)

Jerry Lalla
Mayor

Kathleen Vrana
City Administrator

Mayor Pro Tem
Dan Wolf
Councilmembers
Toni Mace
Carl Caldwell
Jill Cox
David Steele

August 28, 2006

Ms. Valerie Gonzales
Portfolio Analysis
Portfolio Management and Compliance
Texas Department of Housing and Community Affairs
P.O. Box 13041
Austin, Texas 78711-3941

RE: City of Granger Contract No. 1000290
HOME: Owner/Occupied Housing Assistance

Dear Ms. Gonzales,

In response to our amendment request for the City of Granger Home Owner/Occupied Assistance program for the construction schedule on the three (3) homes to be demolished and reconstructed. Upon your approval the demolition, cleanup and reconstruction would be scheduled as followed.

- Demolition within 10 working days
- Cleanup and haul off within 7 working days
- Reconstruction to be complete within 45 – 60 days (See contractor's attached letter)

If you need more information please do not hesitate to call James M. Conquest at (512) 461-2830 or myself at (512) 859-2755.

Sincerely,
Jerry Lalla
Jerry Lalla, Mayor
City of Granger

JWTC

September 25,2006

RE: Schedule of completion for the grant homes in the City of Granger

City of Granger
214 E. Davila Street
Granger, Texas 76530

Kathleen Vrana
City Administrator

In response to your request we anticipate the completion for each of the three grant homes in 45 to 60 days with weather permitting and other unforeseen circumstances.

If you have any questions please feel free to contact my office at 1-800-483-9333.

Regards,

J. W. Turner
J.W. Turner Construction, Ltd.

- 1 result(s) returned

CONTRACT

Contract Number	1000290	Program Activity	OCC (Single-Family 2004)	Status	Expired
CSAS Number(s)	544399	Contractor	City of Granger	UOG Code	482160
Period Begin Date	10/1/04	Contact	Jerry Lalla	UOG Number	2
Period End Date	9/30/06	Contact Phone	(512) 859-2755	CPS Number (IDIS)	0153
Amended End Date		Grant	yes	Mail Code	000
Application Number	20040214	Loan	no	Executor	Jerry Lalla
Consultant	Leo Wood & Associates	Consultant Phone	(512) 819-9404	Contract Activity Number (IDIS)	
Single Audit Status	No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.				

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$7,256.00	$7,256.00	$7,256.00	$0.00	$0.00	$0.00	$0.00	$0.00	$7,256.00
Project	$181,407.00	$181,407.00	$181,407.00	$54,880.00	$0.00	$0.00	$0.00	$0.00	$181,407.00
Total	$188,663.00	$188,663.00	$188,663.00	$54,880.00	$0.00	$0.00	$0.00	$0.00	$188,663.00

Allocation Detail Budget Detail Draw History Draw Request

SETASIDES

Setaside Type Special Needs

CONTRACT DETAIL

Board Approval Date	8/19/04	Units	4	PJ	no
Certificate of Completion Date		Projects Set Up	1		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	9/1/04	Match Funds	$27,500.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

Coastal Bend Center for Independent Living

1537 Seventh Street • Corpus Christi, Texas 78404
361.883.8461 (TTY) • Toll Free: 877.988.1999
Fax: 361.883.4820 • www.cbcil.org

Lucy Trevino, Manager
Portfolio Analysis
Texas Department of Housing and
Community Affairs
221 East 11th Street - PO Box 13941
Austin, TX 78711-3941

October 31, 2006

Dear Ms. Trevino:

This letter is a request for an extension of TDHCA Contract # 1000360 (Single Family 2004 Rental Assistance Set-aside for Olmstead), for an additional 12 months, through October 2008.

Due to expire October 2007, our Contract was amended 10/01/05 with additional vouchers from a previous TDHCA contract with Texas Community Solutions, and includes nine additional set-ups assumed from a previous contractor, Valley Association for Independent Living. Contract budget is $709,642 for project activity and $42,622 for administrative costs.

Through October 30, funds committed to vouchers are $417,036. This represents 84 vouchers committed in the TDHCA system, with available fund balances of $471,994, project, and $31,368.61, administrative. Those figures do not represent funds expended to date, nor the number of individuals who are eligible and "in line" to receive vouchers.

We are requesting an extension at this time in order to serve more individuals with disabilities who are under 60% Area Median Income to live in communities not institutions, through the Department's commitment to Olmstead/Money Follows the Person. Specifically:

1. sixteen (16) individuals who have recently accessed TBRA vouchers will have rental assistance for up to two years, as opposed to only one year; and
2. the number of vouchers originally projected under the Contract (65) can be **doubled** with the available funds and new voucher issuances, and additionally, offer an **additional year** of voucher payments for individuals who are living in communities where permanent Section 8 vouchers will not be available in the foreseeable future.

Unless we are able to secure a one year minimum extension to our TBRA-Olmstead rental assistance Contract, the 84 people receiving vouchers will be at risk of returning to nursing facilities.

Our experience with this program is exceptional and as the largest contractor in Texas providing TBRA vouchers, we are committed to its' continuation. Our local public housing authority in Corpus Christi has committed a set-aside for permanent housing vouchers for this population and we are approaching other PHAs to implement similar action. The feedback we receive from housing managers and consumers is extremely positive, and, because we have TBRA vouchers, our Agency continues to assist a higher than average number of individuals to relocate from nursing facilities to the community.

We also have experienced very positive relationships with TDHCA staff in the execution of this contract. We have been encouraged to communicate the successes achieved through the TBRA-Olmstead program to the Department. Our onsite monitoring review conducted June 14, 2006, resulted in overall compliance, no findings, extremely organized financial process, and, that we are "serving the population we said we would, in the way we said we would."

I have attached a copy of the letter sent to you this past January regarding Contract status, to indicate the progress made since that time.

With regard to this request, if additional information is needed or if you have instructions on procedure, please contact me directly or Monique Carle, Relocation/TBRA Program Director, at 361-883-8461. I look forward to your response.

Sincerely,

Judy Telge

Judy Telge
Executive Director

xc: Kelly Crawford, Acting Director of Portfolio Management & Compliance
Sandy Mauro, Manager, Environmental Clearance, etc.
Carmen Roldan, Program Monitor
Michael Lyttle, Director Policy & Public Affairs

accessible communities, inc.

Coastal Bend Center for Independent Living

MAIN OFFICE
1537 seventh st.
corpus christi
texas 78404

phone:
361.883.8461

toll free:
877.988.1999

fax:
361.883.4820

February 16, 2006

Lucy Trevino, Manager
Portfolio Analysis
Texas Department of Housing and Community Affairs
221 East 11th – PO Box 13941
Austin, TX 78711-3941

RE: HOME Contract #1000360

Dear Ms. Trevino:

This is in response to your letter of January 30, 2006 requesting contract performance explanation. We will be increasing the number of individuals who wish to move from nursing facilities to the community, and we are working diligently to meet that goal. With an increase in vouchers added to our contract nine months later and the TDHCA contract performance standards starting at the date of the original contract, our utilization rate is negatively impacted. If we could look at each budget amount within the context of its' own time frame, draws and remaining balances could be viewed with more relevancy.

The following chart shows a breakout of the original and amended contract budgets for analysis of funds for the ACi-CBCIL Olmstead TBRA program:

Contract Executed	Budget	Committed	Drawn	Months Elapsed	Remaining Balance
2/15/06	$265,000	$120,443	$40,924	12	$14,424
	(includes 18 TCS vouchers previously assigned)				
11/30/05	$487,264				
	(22 new TCS vouchers, funds available 12/05)				

Additional explanation:

1. the original contract, although executed by signature February 15, 2006, could not be implemented until mandatory training was attended, which was not held until June 8, 2005. If that had been the recognized starting point, it would mean that ACi-CBCIL is eight months into our original contract;

2. our original contract covered the twelve Coastal Bend counties. The TBRA vouchers available through Texas Community Solutions (TCS) at the time were available statewide and on a first-come, first-served basis. Our

relocation (Olmstead) service areas in Houston and the Rio Grande Valley had the highest number of people waiting to leave nursing homes pending housing, therefore, an administrative decision was made to access the TCS vouchers first to meet the priority need in those areas;

3. the eighteen (18) vouchers that ACi-CBCIL accessed from the former TCS contract were assigned to our original contract because funds were still available at the time TCS withdrew in October, 2005;

4. the original TDHCA contract was amended to add an additional 22 vouchers from the former TCS TBRA program November 30, 2005. The fund allocation of $487,264 was not available until December 14, 2005. Our contract allows six months start-up to commit funds (vouchers) and as such, we would question whether we have until April, 2006 (six months past October) or until June, 2006 (six months past December) for the amendment to our contract;

5. we were instructed to access the Health and Human Services Commission administrative funds first, and as such, we zeroed out that fund in November, and our first billing for TDHCA admin. funds was not submitted until February; and

6. lastly, the Olmstead population has additional barriers, service needs and complications not typically present in the usual TBRA or general population. TBRA recipients typically identify and locate their housing, don't require the coordination of service needs and supports related to disability, or involve moving from an institution to the community. All the additional activity associated with the population being served impacts the utilization rate of the TBRA vouchers.

The ACi-CBCIL amended contract now covers the entire state, and, in order to expedite utilization of the TBRA vouchers we are in process of training relocation specialists in the San Antonio area to access those vouchers.

Thank you for the opportunity for explanation. Should additional information be helpful in your contract performance review, please don't hesitate to contact me.

Sincerely,

Judy Telge

Judy Telge, CMC
Executive Director

cbcil Coastal Bend Center for Independent Living
... creating accessible communities

Activity Number	Consumer First Name	Consumer Last Name	Monthly Subsidy Amount	Current End Date	Additional # of Months Thru 10/31/08	Total # of Months on TBRA Thru 10/31/08	Funds needed to cover 11/01/07 Thru 10/31/08	Status
24746	O.	Longoria	$290.00	4/30/07	19	31	$ 5,510.00	
24744	C.	Hoodye	$348.00	4/30/07	19	31	$ 6,612.00	
24745	J.	Sauceda	$324.00	4/30/07	19	31	$ 6,156.00	
24747	A.	Rodriguez	$486.00	4/30/07	19	31	$ 9,234.00	
22787	C.	DeLeon	$149.00	3/31/07	19	43	$ 2,831.00	
22979		Callahan	$0.00		0		$ -	
22864		Hoke	$322.00	5/31/07	17	41	$ 5,474.00	
22865		Baker	$592.00	4/30/07	15	39	$ 8,880.00	
22866		Webster	$380.00	2/28/07	20	44	$ 7,600.00	
22867		Mendietta	$484.00	4/30/07	15	39	$ 7,260.00	
22868		Juranek	$197.00	5/31/07	17	41	$ 3,349.00	
22869		Thornton	$419.00	6/30/07	16	40	$ 6,704.00	
22870		Bazan	$245.00	5/31/07	17	41	$ 4,165.00	
22871	N.	Garza	$450.00	5/31/07	17	41	$ 7,650.00	
22873		Cantu	$364.00	6/30/07	16	40	$ 5,824.00	
22875		Pullin	$0.00	1/0/00	0	0	$ -	CLOSED
22876		Hendrix	$566.00	6/30/07	16	40	$ 9,056.00	
22877	M.	Garza	$0.00		0	0	$ -	CLOSED
22916		Arnold	$600.00	7/31/07	15	39	$ 9,000.00	
22991		Munoz	$0.00		0	0	$ -	CLOSED
23244		Brannon	$585.00	10/31/07	12	36	$ 7,020.00	
23278		Fonseca	$343.00	9/30/07	13	37	$ 4,459.00	
23279		Clearly	$0.00		0	0	$ -	CLOSED
23284		Arredondo	$448.00	11/30/06	23	35	$ 10,304.00	
23290		Almaguer	$590.00	10/31/06	24	36	$ 14,160.00	
23332		Bradford	$467.00	11/30/06	23	35	$ 10,741.00	
23333		Comeaux	$490.00	11/30/06	23	35	$ 11,270.00	
23335	W.	Salazar	$0.00		0	0	$ -	CLOSED
23336		Herschman	$269.00	10/31/07	12	36	$ 3,228.00	
23449	O.	Bueno	$374.00	11/30/06	22	34	$ 8,228.00	
23453		Wood	$407.00	9/30/07	13	37	$ 5,291.00	
23496		Barrias	$297.00	12/31/06	22	35	$ 6,534.00	
23633		Vega	$346.00	1/31/07	21	33	$ 7,266.00	
23671		Frazier	$433.00	1/31/07	21	33	$ 9,093.00	
23672	J.	Bueno	$0.00		0	0	$ -	CLOSED

Report Date:11/16/2006

Coastal Bend Center for Independent Living
... creating accessible communities

Activity Number	Consumer First Name	Consumer Last Name	Monthly Subsidy Amount	Current End Date	Additional # of Months Thru 10/31/08	Total # of Months on TBRA Thru 10/31/08	Funds needed to cover 11/01/07 Thru 10/31/08	Status
23674	B.	Johnson	$142.00	12/31/06	22	35	$ 3,124.00	
23675		Adams	$448.00	1/31/07	21	33	$ 9,408.00	
23692		Williams	$0.00		0	0	$ -	CLOSED
24098		Elmore	$0.00		0	0	$ -	CLOSED
24100		Saunders	$441.00	3/31/07	19	31	$ 8,379.00	
24193	J.	Caddy	$246.00	2/28/07	20	32	$ 4,920.00	
24231		Carroll	$360.00	2/28/07	20	32	$ 7,200.00	
24262		Cooper	$334.00	2/28/07	20	32	$ 6,680.00	
24263		Ochoa	$390.00	2/28/07	20	32	$ 7,800.00	
24264		Matosky	$348.00	2/28/07	20	32	$ 6,960.00	
24425	M.	Sanchez	$0.00		0	0	$ -	CLOSED
24649	A.	Salazar	$0.00		0	0	$ -	CLOSED
24884	G.	Cisneros	$306.00	4/30/07	18	30	$ 5,508.00	
24745	J.	Rangel	$318.00	5/31/07	17	29	$ 5,406.00	
25171	M.	Runion	$176.00	4/30/07	18	30	$ 3,168.00	
24821	E.	Verastegui	$671.00	3/31/07	19	31	$ 12,749.00	
24827	G.	Ake	$0.00		0	0	$ -	CLOSED
24828	E.	Perez	$0.00		0	0	$ -	CLOSED
24877	J.	Lovell	$256.00	6/30/07	16	28	$ 4,096.00	
24879	J.	Kennedy	$374.00	6/30/07	16	28	$ 5,984.00	
24883	E.	Rodriguez	$369.00	5/31/07	17	29	$ 6,273.00	
24885	E.	Perales	$324.00	8/31/07	14	26	$ 4,536.00	
24886	M.	Heaton	$263.00	1/31/07	21	27	$ 5,523.00	
22887	J.	Martinez	$317.00	6/30/07	16	28	$ 5,072.00	
24888	J.	Rodriguez	$0.00		0	0	$ -	CLOSED
25170	M.	Ortega	$0.00		0	0	$ -	CLOSED
25184	J.	Edens	$318.00	7/31/07	15	27	$ 4,770.00	
25192	M.	Lopez	$274.00	7/31/07	15	27	$ 4,110.00	
25277	J.	Smith	$0.00		0	0	$ -	CLOSED
25278	M.	Slavens	$226.00	7/31/07	15	27	$ 3,390.00	
25272	M.	Robinson	$350.00	7/31/07	15	27	$ 5,250.00	
25285	E.	Lashus	$329.00	7/31/07	15	27	$ 4,935.00	
25227	C.	Garcia	$314.00	2/28/07	20	27	$ 6,280.00	
25425	J.	Obryant	$0.00		0	0	$ -	CLOSED
25574	S.	Crecelius	$498.00	7/31/07	15	27	$ 7,470.00	

Report Date:11/16/2006

Coastal Bend Center for Independent Living
... creating accessible communities

Activity Number	Consumer First Name	Consumer Last Name	Monthly Subsidy Amount	Current End Date	Additional # of Months Thru 10/31/08	Total # of Months on TBRA Thru 10/31/08	Funds needed to cover 11/01/07 Thru 10/31/08	Status
25719	B.	Vickery	$280.00	7/31/07	15	27	$ 4,200.00	
25688	B.	Dubois	$705.00	8/31/07	14	26	$ 9,870.00	
25811	D.	Harden	$485.00	8/31/07	14	26	$ 6,790.00	
25796		Licthenberger	$450.00	7/31/07	15	27	$ 6,750.00	
	M.	Wyatt	$0.00		0	0	$ -	CLOSED
25751	M.	Bertrand	$222.00	8/31/07	14	26	$ 3,108.00	
25838	M.	Cage	$282.00	9/30/07	13	25	$ 3,666.00	
25794	F.	Hernandez	$162.00	9/30/07	13	25	$ 2,106.00	
25840	R.	Heim	$389.00	9/30/07	13	25	$ 5,057.00	
25839	T.	Trippe	$536.00	10/31/07	12	24	$ 6,432.00	
							$ 399,869.00	

ltrevino: Change Password | Logout | My TDHCA | TDHCA H

TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Add Contract Activity City OR Add Contract Activity Colonia | Allocate Funds   Notes | Perf Reqs | Activities | Areas Served

- 1 result(s) returned

CONTRACT

Contract Number	1000360	Program Activity	TBRA (Single-Family 2004)	Status	Active
CSAS Number(s)	544416	Contractor	Accessible Community Inc.	UOG Code	481206
Period Begin Date	2/1/05	Contact	Judy Telge	UOG Number	19
Period End Date	7/31/07	Contact Phone	(361) 883-8461	CPS Number (IDIS)	0161
Amended End Date	10/31/07	Grant	yes	Mail Code	001
Application Number	20040281	Loan	no	Executor	Judy Telge
Consultant		Consultant Phone		Contract Activity Number (IDIS)	

Single Audit Status No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$15,000.00	$42,622.00	$42,622.00	$0.00	$0.00	$11,873.16	$11,873.16	$0.00	$30,748.84
Project	$250,000.00	$709,642.00	$709,642.00	$442,835.00	$362.00	$275,008.00	$275,370.00	$0.00	$434,634.00
Total	$265,000.00	$752,264.00	$752,264.00	$442,835.00	$362.00	$286,881.16	$287,243.16	$0.00	$465,382.84

Allocation Detail   Budget Detail   Draw History   Draw Request

SETASIDES

Setaside Type Rental Assistance for Olmstead Protection

CONTRACT DETAIL

Board Approval Date	12/13/04	Units	65	PJ	yes
Certificate of Completion Date		Projects Set Up	85		
Closeout Visit Date		Projects Completed	14	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	12/21/04	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

SAN AUGUSTINE COUNTY

WAYNE HOLT, COUNTY JUDGE

COMMISSIONERS

THOMAS STRACENER, Precinct 1
EDWARD WILSON, Precinct 2
DALE MIXON, Precinct 3
B.R. BRYAN, Precinct 4

936/275-2762
203 Courthouse
San Augustine, TX 75972

October 2, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: 2006 Rita Hurricane Relief Grant
San Augustine County (#1000604)

Dear Ms. Trevino,

San Augustine County is requesting a Time Extension of a minimum of 6 months in order to complete our contract. This extension is necessary due to the difficulty we experienced in obtaining valid homeowners to participate. As is known, the original 12 month allowed for this contract is below the normal time frame of 18 – 24 months.

Due to the nature of the contracts for this disaster, the Implementation workshop was not held until approximately one month after the start date of our contract.

Your approval of this request will be greatly appreciated and will allow us to complete our contract with TDHCA and assist the homeowners in need.

Sincerely,

Wayne Holt
Judge, San Augustine County

SAN AUGUSTINE COUNTY

WAYNE HOLT, COUNTY JUDGE

COMMISSIONERS

THOMAS STRACENER, Precinct 1
EDWARD WILSON, Precinct 2
DALE MIXON, Precinct 3
B.R. BRYAN, Precinct 4

936/275-2762
203 Courthouse
San Augustine, TX 75972

September 19, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: 2006 Rita Hurricane Relief Grant
San Augustine County (#1000604)

Dear Ms. Trevino,

San Augustine County is requesting a Contract Amendment with regard to the population served who suffered damage to their homes during Hurricane Rita. We are requesting an amendment to increase our qualifying income level from 30% or below to 50% or below. It is realized that the 31%-50% family receiving assistance would require a 5 year forgivable loan, in place of a grant. While this will give us a better opportunity to serve our population, we will still do our best to serve the 30% of county median income families.

This request is being submitted because we are experiencing difficulty in qualifying enough homeowners to fulfill our contractual requirement to assistance 3 homeowners. We understand that an amendment will require a re-scoring of our application and if it would eliminate us from award, we will have the opportunity to withdraw this request.

Due to the 1 year contract time frame, while the minimum has always been at least 14 months and as much as 24 months to complete, we feel that this request is necessary.

Approval of this request, allowing us to maintain our contract, will be greatly appreciated and we hope to receive your decision as soon as possible.

Sincerely,

Wayne Holt
Judge, San Augustine County

CONTRACT STATUS REPORT – OCC

Administrator: San Augustine County CONTRACT #: 1000604
Address: 100 West Columbia Street, San Augustine, Tx 75972 Entity Type: Non-CHDO
Consultant: Raymond K. Vann & Associates, LLC.

BEGIN DATE: 04/17/2006 *END DATE: 10/16/2007

CONTRACT TERM: 18 MONTHS * MONTHS ELAPSED: 7 * % ELAPSED: 33 %

	Total Budget	Total Draws	Committed	Balance	% Drawn	% Committed
Federal Project	$166,667.00	$0.00	$0.00	$ 166,667.00	0.00%	0.00%
Program Income	$0.00	$0.00	$0.00	$ 0.00		
Administrative	$6,667.00	$0.00	$6,667.00	$ 0.00	0.00	100%
Total	$173,334	$0.00	$6,667.00	$ 166,667.00	0.00	03.85%

* If Extension of Time Amendment has been approved.

Match Information No Match Required

Households Assisted

# Required	# Completed	Over/Under	% Completed
3	0	(3)	0%

Comments Regarding Status; the following have been accomplished:
1. Advertised and selected a Consultant for the Contract
2. Advertised for applicants
3. Received Applications
4. In process of qualifying applicants, awaiting decision of request for income limit change.

One applicant is living in a home which is in the Texas Historical Registry and guidance has been requested from the Texas Historical Commission with regard to repairs on such a structure. To date, we have not received a reply. Upon approval by the THC, we will then have to request a waiver of the requirement for structure to meet TMCS

With regard to Activities and Completion, we will continue on with our appraisal and title search stage upon official notification of approval of our requested amendments. As you know, none of these costs are refundable if the applicant does not qualify after this stage since everything is based on hard construction costs.

It might also be noted that in retrospect, the contract was dated approximately one month prior to the Implementation Workshop being conducted.

I have reviewed the above information and provided relevant comments and status on all activities.

Signature — Judge, San Augustine County (Title) — November 15, 2006 (Date) ltrevino: Change Password | Logout | My TDHCA | TDHCA Ho

TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Add Contract Activity City OR Add Contract Activity Colonia | Allocate Funds   Notes | Perf Reqs | Activities | Areas Served

- 1 result(s) returned

CONTRACT

Contract Number	1000604	Program Activity	OCC (Single-Family 2006)	Status	Active
CSAS Number(s)	546639	Contractor	San Augustine County	UOG Code	489405
Period Begin Date	4/17/06	Contact	Wayne Holt	UOG Number	1
Period End Date	4/17/07	Contact Phone	(936) 275-2762	CPS Number (IDIS)	0046
Amended End Date		Grant	yes	Mail Code	009
Application Number	20060010	Loan	no	Executor	Wayne Holt
Consultant	Raymond K. Vann & Associates	Consultant Phone	(936) 634-2550	Contract Activity Number (IDIS)	24685

Single Audit Status: No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$6,667.00	$6,667.00	$6,667.00	$0.00	$0.00	$0.00	$0.00	$0.00	$6,667.00
Project	$166,667.00	$166,667.00	$166,667.00	$0.00	$0.00	$0.00	$0.00	$0.00	$166,667.00
Total	$173,334.00	$173,334.00	$173,334.00	$0.00	$0.00	$0.00	$0.00	$0.00	$173,334.00

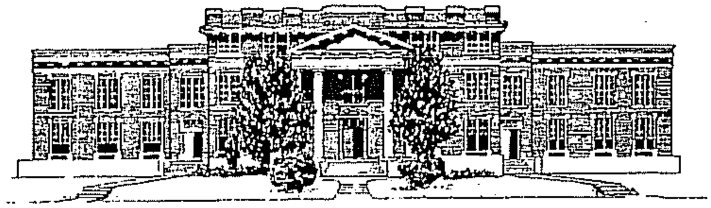
Allocation Detail Budget Detail Draw History Draw Request

SETASIDES

Setaside Type Hurricane Disaster

CONTRACT DETAIL

Board Approval Date	3/20/06	Units	3	PJ	no
Certificate of Completion Date		Projects Set Up	0		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	3/3/06	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					



TRINITY COUNTY

MARK EVANS
COUNTY JUDGE

P.O. Box 457
GROVETON, TX 75845

October 2, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: 2006 Rita Hurricane Relief Grant
Trinity County (#1000605)

Dear Ms. Trevino,

Trinity County is requesting a Contract Extension of a minimum of 6 months in order to complete our contract. This extension is necessary due to the difficulty we experienced in obtaining valid homeowners to participate. As is known, the original 12 month allowed for this contract is below the normal time frame of 18 – 24 months.

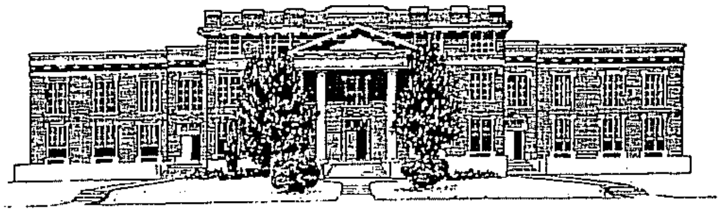
Due to the nature of the contracts for this disaster, the Implementation workshop was not held until approximately one month after the start date of our contract.

Your approval of this request will be greatly appreciated and will allow us to complete our contract with TDHCA and assist the homeowners in need.

Sincerely,

Mark Evans
Judge, Trinity County

Phone: (936) 642-1746 Email: tcjudge@consolidated.net Fax: (936) 642-1046



TRINITY COUNTY

MARK EVANS
COUNTY JUDGE

P.O. Box 457
GROVETON, TX 75845

September 14, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: 2006 Rita Hurricane Relief Grant
Trinity County (#1000605)

Dear Ms. Trevino,

Trinity County is requesting a Contract Amendment with regard to the population served who suffered damage to their homes during Hurricane Rita. We are requesting an amendment to increase our qualifying income level from 30% or below to 50% or below. It is realized that the 31%-50% family receiving assistance would require a 5 year forgivable loan, in place of a grant. While this will give us a better opportunity to serve our population, we will still do our best to serve the 30% of county median income families.

This request is being submitted because we are experiencing difficulty in qualifying enough homeowners to fulfill our contractual requirement to assistance 3 homeowners. We understand that an amendment will require a re-scoring of our application and if it would eliminate us from award, we will have the opportunity to withdraw this request.

Due to the 1 year contract time frame, while the minimum has always been at least 14 months and as much as 24 months to complete, we feel that this request is necessary.

Approval of this request, allowing us to maintain our contract, will be greatly appreciated and we hope to receive your decision as soon as possible.

Sincerely,

Mark Evans
Judge, Trinity County

Phone: (936) 642-1746 Email: tcjudge@consolidated.net Fax: (936) 642-1046

ltrevino: Change Password | Logout | My TDHCA | TDHCA H(

TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Add Contract Activity City OR Add Contract Activity Colonia | Allocate Funds Notes | Perf Reqs | Activities | Areas Served

- 1 result(s) returned

CONTRACT

Contract Number	1000605	Program Activity	OCC (Single-Family 2006)	Status	Active
CSAS Number(s)	546640	Contractor	Trinity County	UOG Code	489455
Period Begin Date	4/17/06	Contact	Mark Evans	UOG Number	1
Period End Date	4/17/07	Contact Phone	(936) 642-1746	CPS Number (IDIS)	0045
Amended End Date		Grant	yes	Mail Code	023
Application Number	20060011	Loan	no	Executor	Mark Evans
Consultant	Raymond K. Vann & Associates	Consultant Phone	(936) 634-2550	Contract Activity Number (IDIS)	24684
Single Audit Status	Audit Certification is delinquent! Please submit here				

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$6,667.00	$6,667.00	$6,667.00	$0.00	$0.00	$0.00	$0.00	$0.00	$6,667.00
Project	$166,667.00	$166,667.00	$166,667.00	$0.00	$0.00	$0.00	$0.00	$0.00	$166,667.00
Total	$173,334.00	$173,334.00	$173,334.00	$0.00	$0.00	$0.00	$0.00	$0.00	$173,334.00

Allocation Detail Budget Detail Draw History Draw Request

SETASIDES

Setaside Type Hurricane Disaster

CONTRACT DETAIL

Board Approval Date	3/20/06	Units	3	PJ	no
Certificate of Completion Date		Projects Set Up	0		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	3/3/06	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

ANGELINA COUNTY

OFFICE (409) 634-5413
FAX (409) 637-7452

P.O. BOX 908
LUFKIN, TEXAS 75902-0908

JOE BERRY
County Judge

October 2, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: 2006 Rita Hurricane Relief Grant
Angelina County (#1000607)

Dear Ms. Trevino,

Angelina County is requesting a Time Extension of a minimum of 6 months in order to complete our contract. This extension is necessary due to the difficulty we experienced in obtaining valid homeowners to participate. As is known, the original 12 month allowed for this contract is below the normal time frame of 18 – 24 months.

Due to the nature of the contracts for this disaster, the Implementation workshop was not held until approximately one month after the start date of our contract.

Your approval of this request will be greatly appreciated and will allow us to complete our contract with TDHCA and assist the homeowners in need.

Sincerely,

Joe Berry
Judge, Angelina County

RECEIVED
OCT 5 2006
PM&C DIVISION

ANGELINA COUNTY

OFFICE (409) 634-5413
FAX (409) 637-7452

P.O. BOX 908
LUFKIN, TEXAS 75902-0908

JOE BERRY
County Judge

September 14, 2006

Ms. Lucy Trevino
Manager, Contract Amendments
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, TX 78711-3941

RE: 2006 Rita Hurricane Relief Grant
Angelina County (#1000607)

Dear Ms. Trevino,

Angelina County is requesting a Contract Amendment with regard to the population served who suffered damage to their homes during Hurricane Rita. We are requesting an amendment to increase our qualifying income level from 30% or below to 50% or below. It is realized that the 31%-50% family receiving assistance would require a 5 year forgivable loan, in place of a grant. While this will give us a better opportunity to serve our population, we will still do our best to serve the 30% of county median income families.

This request is being submitted because we are experiencing difficulty in qualifying enough homeowners to fulfill our contractual requirement to assistance 5 homeowners. We understand that an amendment will require a re-scoring of our application and if it would eliminate us from award, we will have the opportunity to withdraw this request.

Due to the 1 year contract time frame, while the minimum has always been at least 14 months and as much as 24 months to complete, we feel that this request is necessary.

Approval of this request, allowing us to maintain our contract, will be greatly appreciated and we hope to receive your decision as soon as possible.

Sincerely,

Joe Berry
Judge, Angelina County

RECEIVED
SEP 21 2006
COMPLIANCE

- 1 result(s) returned

CONTRACT

Contract Number	1000607	Program Activity	OCC (Single-Family 2006)	Status	Active
CSAS Number(s)	546642	Contractor	Angelina County	UOG Code	489005
Period Begin Date	4/17/06	Contact	Joe Berry	UOG Number	1
Period End Date	4/17/07	Contact Phone	(936) 634-5413	CPS Number (IDIS)	0047
Amended End Date		Grant	yes	Mail Code	038
Application Number	20060013	Loan	no	Executor	Joe Berry
Consultant	Raymond K. Vann & Associates	Consultant Phone	(936) 634-2550	Contract Activity Number (IDIS)	24686
Single Audit Status	Audit Certification due on 03/01/2007Click here to submit the form				

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$12,000.00	$12,000.00	$12,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$12,000.00
Project	$300,000.00	$300,000.00	$300,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$300,000.00
Total	$312,000.00	$312,000.00	$312,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$312,000.00

Allocation Detail Budget Detail Draw History Draw Request

SETASIDES

Setaside Type Hurricane Disaster

CONTRACT DETAIL

Board Approval Date	3/20/06	Units	5	PJ	no
Certificate of Completion Date		Projects Set Up	0		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	no
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	3/3/06	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Item

Presentation, discussion and possible approval of requests for amendments to Program Year 2005 and 2006 HOME Investment Partnerships Program (HOME) Owner Occupied (OCC) contracts to increase the maximum amount of assistance per home by 9.09%, but no more than $5,000 per home.

Requested Action

Approve or deny the request for increase in the amount of assistance allowed per home for HOME OCC and Disaster Relief contracts including increase in administration amount.

Background

The Texas Department of Housing and Community Affairs (Department) has received significant public comment, that like the tax credit properties who were previously granted an increase, the HOME contracts that were awarded in the 2005 and 2006 cycle are being impacted by the increased costs related to building materials and supplies and availability of builders due to Hurricanes Rita and Katrina. In the HOME OCC program, contracts are typically for nine (9) homes in 2005 and for five (5) homes in 2006 to be constructed at a maximum cost of $55,000 each. There are HOME Administrators who are performing only rehabilitations of existing homes, but the majority are tear down and reconstruct type activities as is allowed under the HOME Program.

Staff is recommending that the value of each contract be increased by 9.09% or $5,000 per home, whichever is less. This would allow an increase of approximately $26,000 per contract. Without this increase, there is concern that the size of the product being built will be directly impacted or produce a lower quality product. Staff has examined the cost of this program and it would require an additional $3,252,803 in program costs and an additional $130,112 in administrative expense for a total of $3,382,915 for both years. De-obligated HOME funds are available to cover the cost of these increases.

By approval of this increase, the Board would be waiving the current HOME rules that limit the amount of any OCC related contract to $275,000. It would also provide the direction to approve expenditures per home over the current $55,000. No other changes would be made to the existing contracts.

If approved, staff would amend the current contracts to reflect the new totals but would not extend or delay any of the contracts. These funds would only apply to HOME OCC funds already awarded and not completed. Each Administrator would have the option to accept or decline the additional funds by not executing the amendment. Attached is a chart that demonstrates the impact per contract.

Recommendation

Staff recommends approval of waiver to the necessary HOME rules to approve costs not exceeding $60,000 per home by allowing an increase in the 2005 and 2006 HOME contracts of 9.09%, but no more than $5,000 per home, in accordance with Exhibit A as related to HOME OCC and Disaster relief.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
2005 AND 2006 HOME OCC CONTRACTS

Administrator	Setaside	# of Units	Contract Number	Begin Date	End Date	Project Budget	Drawn to Date	Initial Budget Per Unit	Proposed Increase Per Unit (.09090909)	Total Proposed Budget Per Unit	Total Proposed Contract Increase
Amherst	None	9	1000550	10/3/2005	9/28/2007	$495,000.00	$0.00	$55,000.00	$5,000.00	$60,000.00	$45,000.00
Asherton	None	9	1000468	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Bandera	None	9	1000456	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Bee Community Action Agency	None	5	1000558	10/17/2005	9/28/2007	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Bellmead	None	5	1000502	10/3/2005	9/28/2007	245,304.00	0.00	49,060.80	4,460.07	53,520.87	22,300.36
Bellmead	None	5	1000687	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Bells	None	9	1000526	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Belton	None	5	1000725	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Berryville	None	9	1000520	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Bogata	None	2	1000548	10/3/2005	9/28/2007	90,377.00	0.00	45,188.50	4,108.05	49,296.55	8,216.09
Bronte	None	9	1000522	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Carrizo Springs	None	9	1000470	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Center	None	5	1000547	10/3/2005	9/28/2007	234,247.00	0.00	46,849.40	4,259.04	51,108.44	21,295.18
Community Development Corporation of Brownsville	None	10	1000540	10/3/2005	9/28/2007	500,000.00	0.00	50,000.00	4,545.45	54,545.45	45,454.55
Corsicana	None	4	1000545	10/3/2005	9/28/2007	200,000.00	0.00	50,000.00	4,545.45	54,545.45	18,181.82
Crystal City Housing Authority	None	9	1000479	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Daingerfield	None	3	1000485	10/3/2005	9/28/2007	124,269.00	0.00	41,423.00	3,765.73	45,188.73	11,297.18
Dekalb	None	4	1000493	10/3/2005	9/28/2007	223,683.00	0.00	55,920.75	5,083.70	61,004.45	20,334.82
Dell City	None	3	1000523	10/3/2005	9/28/2007	121,180.00	0.00	40,393.33	3,672.12	44,065.45	11,016.36
Denver City	None	3	1000503	10/3/2005	9/28/2007	172,286.00	0.00	57,428.67	5,220.79	62,649.45	15,662.36
Driscoll	None	5	1000734	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Duval County	Disaster Relief	18	1000641	6/1/2006	5/30/2008	500,000.00	0.00	27,777.78	2,525.25	30,303.03	45,454.55
Eagle Lake	None	5	1000714	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
EBENZ, Inc.	None	5	1000488	10/3/2005	9/28/2007	239,302.07	24,526.07	47,860.41	4,350.95	52,211.36	21,754.73
Edinburg	None	8	1000689	11/1/2006	4/30/2008	275,000.00	0.00	34,375.00	3,125.00	37,500.00	25,000.00
El Campo	Disaster Relief	9	1000554	10/3/2005	9/28/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
El Cenizo	None	9	1000467	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Encinal	None	9	1000472	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Eustace	None	4	1000454	10/3/2005	9/28/2007	223,683.00	0.00	55,920.75	5,083.70	61,004.45	20,334.82
Garrison	None	9	1000461	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
George West	None	5	1000736	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Groesbeck	None	9	1000516	10/3/2005	9/28/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Hale Center	None	4	1000663	11/1/2006	4/30/2008	243,600.00	0.00	60,900.00	5,536.36	66,436.36	22,145.45
Hardin County	Disaster Relief	5	1000552	10/3/2005	9/28/2007	303,500.00	0.00	60,700.00	5,518.18	66,218.18	27,590.91
Haskell County	Disaster Relief	9	1000407	8/1/2005	7/31/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Henrietta	None	5	1000694	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Hitchcock	None	9	1000455	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
2005 AND 2006 HOME OCC CONTRACTS

12/7/2006

Administrator	Setaside	# of Units	Contract Number	Begin Date	End Date	Project Budget	Drawn to Date	Initial Budget Per Unit	Proposed Increase Per Unit (.09090909)	Total Proposed Budget Per Unit	Total Proposed Contract Increase
Hudspeth County	None	3	1000524	10/3/2005	9/28/2007	121,180.00	0.00	40,393.33	3,672.12	44,065.45	11,016.36
Huntington	None	5	1000704	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Ingleside	None	5	1000459	10/3/2005	9/28/2007	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Institute of Rural Development, Inc.	None	9	1000525	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Iowa Park	Disaster Relief	9	1000410	8/1/2005	7/31/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Jim Wells County	Disaster Relief	9	1000640	6/1/2006	5/30/2008	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Joaquin	None	5	1000675	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Kemp	None	9	1000509	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Kendall County	None	2	1000460	10/3/2005	9/28/2007	95,403.00	0.00	47,701.50	4,336.50	52,038.00	8,673.00
La Grange	None	5	1000716	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
La Salle County	None	2	1000476	10/3/2005	9/28/2007	66,884.00	0.00	33,442.00	3,040.18	36,482.18	6,080.36
Lacy Lakeview	None	4	1000686	11/1/2006	4/30/2008	220,000.00	0.00	55,000.00	5,000.00	60,000.00	20,000.00
Laredo-Webb Neighborhood Housing	None	9	1000543	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Lockhart	None	5	1000683	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Lone Oak	None	9	1000507	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Luling	None	5	1000682	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Malakoff	None	9	1000508	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Marble Falls	None	8	1000465	10/3/2005	9/28/2007	424,616.00	0.00	53,077.00	4,825.18	57,902.18	38,601.45
McCamey	None	3	1000511	10/3/2005	9/28/2007	143,485.00	0.00	47,828.33	4,348.03	52,176.36	13,044.09
McKinney	None	10	1000491	10/3/2005	9/28/2007	500,000.00	0.00	50,000.00	4,545.45	54,545.45	45,454.55
Midland	None	5	1000450	10/3/2005	9/28/2007	150,000.00	0.00	30,000.00	2,727.27	32,727.27	13,636.36
Miles	None	9	1000458	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Montgomery	None	9	1000531	10/3/2005	9/28/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Nash	None	8	1000486	10/3/2005	9/28/2007	437,463.00	0.00	54,682.88	4,971.17	59,654.05	39,769.36
Nash	None	5	1000665	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
New Braunfels	None	16	1000483	10/3/2005	9/28/2007	317,909.00	44,240.00	19,869.31	1,806.30	21,675.61	28,900.82
Newton County	Disaster Relief	13	1000551	10/3/2005	9/28/2007	479,000.00	0.00	36,846.15	3,349.65	40,195.80	43,545.45
Nome	None	9	1000528	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Odem	None	9	1000462	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Onalaska	None	5	1000677	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Orange Grove	None	5	1000731	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Plains	None	3	1000457	10/3/2005	9/28/2007	170,564.00	0.00	56,854.67	5,168.61	62,023.27	15,505.82
Pleasant Valley	Disaster Relief	9	1000408	8/1/2005	7/31/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Primera	None	21	1000559	10/17/2005	9/28/2007	221,364.00	0.00	10,541.14	958.29	11,499.43	20,124.00
Princeton	None	9	1000521	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Rising Star	None	9	1000463	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
ROCKWALL HOUSING DEVELOPMENT CORP	None	2	1000664	8/31/2006	4/30/2008	110,000.00	0.00	55,000.00	5,000.00	60,000.00	10,000.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
2005 AND 2006 HOME OCC CONTRACTS

Administrator	Setaside	# of Units	Contract Number	Begin Date	End Date	Project Budget	Drawn to Date	Initial Budget Per Unit	Proposed Increase Per Unit (.09090909)	Total Proposed Budget Per Unit	Total Proposed Contract Increase
Roma	None	2	1000477	10/3/2005	9/28/2007	66,884.00	0.00	33,442.00	3,040.18	36,482.18	6,080.36
San Benito	None	16	1000542	10/3/2005	9/28/2007	500,000.00	0.00	31,250.00	2,840.91	34,090.91	45,454.55
San Marcos	None	8	1000497	10/3/2005	9/28/2007	404,712.00	0.00	50,589.00	4,599.00	55,188.00	36,792.00
San Patricio County	None	5	1000732	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
San Saba County	Disaster Relief	9	1000409	8/1/2005	7/31/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Santa Fe	None	5	1000710	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Seymour	Disaster Relief	9	1000411	8/1/2005	7/31/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Smithville	None	5	1000720	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Socorro	None	3	1000484	10/3/2005	9/28/2007	132,811.00	0.00	44,270.33	4,024.58	48,294.91	12,073.73
Splendora	None	9	1000501	10/3/2005	9/28/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Stamford	None	2	1000512	10/3/2005	9/28/2007	71,343.00	0.00	35,671.50	3,242.86	38,914.36	6,485.73
Stanton	None	5	1000739	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Taft	None	9	1000504	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
TENAHA	None	5	1000673	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Texarkana	None	5	1000668	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Trinity	None	5	1000703	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Turkey	None	9	1000505	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Van	None	9	1000466	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
WALKER COUNTY	None	5	1000678	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Wallis	None	5	1000706	11/1/2006	4/30/2008	275,000.00	0.00	55,000.00	5,000.00	60,000.00	25,000.00
Webb County	None	2	1000494	10/3/2005	9/28/2007	67,559.00	0.00	33,779.50	3,070.86	36,850.36	6,141.73
Wharton	Disaster Relief	9	1000553	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Wharton County	None	7	1000506	10/3/2005	9/28/2007	392,433.00	0.00	56,061.86	5,096.53	61,158.39	35,675.73
Wharton County	Disaster Relief	9	1000492	10/3/2005	9/28/2007	500,000.00	0.00	55,555.56	5,050.51	60,606.06	45,454.55
Whitney	None	5	1000515	10/3/2005	9/25/2007	266,675.00	0.00	53,335.00	4,848.64	58,183.64	24,243.18
Wickett	None	9	1000469	10/3/2005	9/28/2007	495,000.00	0.00	55,000.00	5,000.00	60,000.00	45,000.00
Willis	None	7	1000500	10/3/2005	9/28/2007	396,397.00	0.00	56,628.14	5,148.01	61,776.16	36,036.09
Winnsboro	None	4	1000544	10/3/2005	9/28/2007	223,683.00	0.00	55,920.75	5,083.70	61,004.45	20,334.82
Yoakum	None	7	1000464	10/3/2005	9/28/2007	364,039.00	0.00	52,005.57	4,727.78	56,733.35	33,094.45
						$35,780,835.07	**$68,766.07**	**$5,289,099.48**	**$480,827.22**	**$5,769,926.70**	**$3,252,803.16**
	Total # of Units	**713**									4%
										ADM	**$130,112.13**

Real Estate Analysis Division

BOARD ACTION ITEM
December 14, 2006

Action Item

Presentation, discussion and possible rescission of the Determination Notice for Mansions at Turkey Creek #060427.

Requested Action

Rescind or re-affirm the determination notice for Mansions at Turkey Creek #060427.

Background

060427 Mansions at Turkey Creek

The TDHCA Board approved issuance of a determination notice for the Mansions at Turkey Creek in the amount of $1,059,669 at the October 12, 2006 Board meeting. The Board materials included a map with the property incorrectly located based on the information provided in the original market study. Staff did not realize this error until after the Board approved the issuance of the determination notice. The error appears only in the market study and the underwriting report. While this error by the market analyst appears to have been inadvertent, it does significantly impact the analysis and renders the conclusions of the original study invalid. The actual site has now been confirmed to be approximately a mile and a half east of the location plotted in the original market study. As a result the actual site is outside of the primary market area as presented in the original market study thereby invalidating that study for use by the Department in the original determination. As such the original approval of a determination notice is in violation of the Department's rules and therefore is invalid. The applicant and market analyst were notified of this error on October 31, 2006.

The market analyst that completed the original report was not available to correct the market study but other members from the firm for which he works provided the Department with a revised market study on November 2, 2006. This revision was done under a very short time frame in order to attempt to meet the November 9, 2006 Board meeting deadlines. This second study expanded the original Primary Market Area (PMA) to include the correct site location and encompass a much greater area than the original study. Underwriting staff reviewed the revised study and determined that this second PMA included the site but failed to include another property that was approved at the October 12 meeting that now also is within the expanded market area. Thus the recalculated capture rate for the second PMA was 28.2% which is over the Department's 25% limit. The second study PMA also slightly exceeded the 100,000 population limit. When Department staff informed the Market Analyst and Developer of the capture rate issue regarding the second study it was requested that the matter be delayed until the

December board meeting to give the original Market Analyst time to re-evaluate and address the error in the original study.

A third study was completed by the original analyst who had completed the first study and provided to the Department on November 7, 2006. This study appropriately modified the Primary Market Area to include the correct site location and maintain a population size within the Department's guidelines. Underwriting staff has reviewed the revised study (see attached underwriting addendum) and confirms that the new PMA does include the site and that the revised demand calculations based on the new PMA provides a capture rate within the Department's 25% guideline.

Title 10 of the Texas Administrative Code §50.19 (a)(2) (also known as the Qualified Allocation Plan or QAP) requires that any outstanding application materials must be provided not less than 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. The corrected market study would be considered critical outstanding material, and as such a waiver of this requirement is needed if the Board chooses to affirm the original determination notice. The original study and the remainder of the application materials were provided timely. The attached underwriting addendum and original report reflect that the development is financially feasible.

Recommendation

Staff recommends rescission of the original determination for the Mansions at Turkey Creek #060427 in the credit amount of $1,059,669 and denial of the issuance of a new determination notice in the same amount due to the violation of the 60 day deadline rule in Section 50.19 (a) (2). Should the Board determine a waiver of this rule is appropriate in this situation, a credit amount not to exceed $1,059,669 subject to the conditions in the underwriting analysis should be re-affirmed.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ADDENDUM

DATE: December 1, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060427

DEVELOPMENT NAME

Mansions at Turkey Creek

APPLICANT

Name: Mansions at Turkey Creek, LP **Contact:** Robert R. Burchfield

Address: 2123 W. Governors Circle, Suite 200

City Houston **State:** TX **Zip:** 77092

Phone: 713 956-0555 **Fax:** 713 956-0166 **Email:** Rob@BurchfieldCompanies.com

KEY PARTICIPANTS

Name: Mansion at Turkey Creek I, LLC **Title:** General Partner

Name: Robert Burchfield **Title:** 50% Owner of GP and Developer

Name: Linda Hofheinz **Title:** 50% Owner of GP

Name: Feniksas Development, LP (Lee Burchfield) **Title:** Consultant

PROPERTY LOCATION

Location: 20000 block of Birnamwood Boulevard

City: Houston **Zip:** 77338

County: Harris **Region:** 6 ☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,110,365	N/A	N/A	N/A

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

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

RECOMMENDATION

☒ NOT RECOMMENDED DUE TO THE FOLLOWING:

Failure to comply with 10 TAC 50.12(a)(2) regarding the submission of all documentation (including an acceptable 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 BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

CONDITIONS

1. Housing tax credit allocation not to exceed $1,059,669 annually for ten years;
2. Receipt, review, and acceptance, before notice of determination, of evidence that an Environmental Noise Assessment and subsequent report recommendations have been carried out;
3. Receipt, review, and acceptance of documentation including, but not limited to, a new permanent loan commitment supporting a debt coverage ratio at a minimum of 1.10;
4. Receipt, review, and acceptance of an opinion letter from a tax attorney or CPA evaluating the 50% test should the bond debt be reduced as anticipated; and

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.

MARKET HIGHLIGHTS ADDENDUM

The TDHCA Board approved issuance of a determination notice for the Mansions at Turkey Creek in the amount of $1,059,669 on October 12, 2006. TDHCA Underwriting Staff later identified a significant error in the market feasibility study submitted with the original application. The market study, prepared by O'Connor & Associates ("Market Analyst") and dated May 9, 2006, had incorrectly mapped the location of the subject property. While the incorrect location was only about one and one half miles from the actual site, the Primary Market Area (PMA) did not include the correct location, rendering the market study invalid for use by the Department in the original determination. The Applicant and Market Analyst were notified of this error on October 31.

The Market Analyst provided the Department with a revised market study on November 2 in an attempt to meet the deadline for the November 9, 2006 Board meeting. Underwriting staff reviewed the revised study and determined that this second PMA included the correct site but failed to include another property (East Tex Pines) that was approved at the October 12 meeting and that is located within the expanded market area. The recalculated capture rate for the second PMA was 28.2%, exceeding the 25% limit.

A third market study was provided to the Department on November 7, 2006. The content of the November 7, 2006 study, based on a new appropriate PMA, satisfies the Department's guidelines, however, since it was not submitted in accordance with the 60 day time requirements in 10 TAC 50.12(a)(2) the development can no longer be recommended by Staff. No other information has been provided to indicate there have been any changes to the development since the original underwriting report was completed. Had the current market study been provided in the original application in a timely manner the underwriting conclusions would recommend funding for this development.

The following summarizes the key elements from the November 7, 2006 market study:

Secondary Market Information: "The subject's neighborhood is situated in the northern portion of Houston, Harris County, Texas, approximately twelve miles (from) the Houston Central Business District." (p. 24) "The neighborhood is in the growth stage, and is experiencing generally stable property values. The real estate market in the Greater Houston area, including the subject's neighborhood, has enjoyed stability over the last few years. The stability of the neighborhood has been primarily attributable to a strong local economy, fueled by low inflation and low unemployment." (p. 28)

Definition of Primary Market Area (PMA): "For the purposes of this analysis, the subject's neighborhood is generally defined as being bound by Spring Creek to the north, Lee Road to the east, Beltway 8 to the south, and Interstate 45 to the west." (p. 24) This area encompasses approximately 70 square miles and is equivalent to a circle with a radius of 5 miles.

Population: The estimated 2006 population of the PMA was 84,622 and is expected to increase by 13.4% to approximately 95,992 by 2011. There were an estimated 30,546 households in the PMA in 2006.

Total Market Demand: The Market Analyst used 100% of households in the PMA to calculate demand since the target population is the general population. The Analyst applied a household size adjustment rate of 96% to include households of five or less, and an income range of $23,520 to $39,540. The minimum income is based on the maximum program rent of $686 for a one-bedroom unit, and a 35% rent burden on household income. The maximum income is based on the income for a five-person household at 60% of AMGI, assuming 1.5 person-per-bedroom occupancy of a three-bedroom unit. (p. 68) This income band results in an income-eligible adjustment rate of 19%. (p. 69) The tenure appropriate adjustment rate of 56% is specific to the income-eligible population. (p. 69) The Market Analyst indicates a turnover rate of 65% applies based on IREM data for the Houston area. (p. 69)

In addition, the Analyst indicated that the Houston Housing Authority has issued 14,895 Section 8 vouchers among an income-eligible population of 275,712 households. The Analyst calculated 5,384 households in the PMA below the minimum income of $23,520; the segment of this group possessing vouchers represents potential additional demand. Applying the turnover rate of 65%, the Analyst calculated the Theoretical

Demand from Section 8 Vouchers within the PMA to be 121 units. (pp. 70-71) (The Analyst's calculations contained an arithmetic error; the correct calculation should be 189 units.)

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	85	4%	92	4%
Resident Turnover	2,069	91%	2,157	88%
Section 8 Vouchers	121	5%	189	8%
TOTAL DEMAND	**2,275**	**100%**	**2,438**	**100%**

p. 71

<u>Inclusive Capture Rate</u>: The Market Analyst calculated an inclusive capture rate of 17% based on a supply of 396 unstabilized comparable affordable housing units in the PMA (including 144 HTC units at Timber Run in addition to the subject) and total demand for 2,275 units. (p. 72) The Underwriter calculated an inclusive capture rate of 16% based on a supply of 396 units divided by a revised demand estimate for 2,438 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 25% for family-targeted properties in urban areas.

<u>Unit Mix Conclusion</u>: "The proposed subject property will have 29% one-bedroom units, 49% two-bedroom units, and 22% 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 proposed unit mix is appropriate and will complement the local affordable housing market." (pp. 10-11)

<u>Market Rent Comparables</u>: The Market Analyst surveyed five comparable market rate apartment projects totaling 1,208 units in the market area. "Due to the limited amount of recent construction within the PMA, we utilized market rate complexes, which although within the PMA, are a significant distance from the proposed subject … These include apartment projects … which are as similar as possible to the proposed subject property in terms of unit mix, age, physical condition, and property type." (p. 49)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$608	$608	$0	$695	-$87
2-Bedroom (60%)	$731	$731	$0	$895	-$164
3-Bedroom (60%)	$841	$841	$0	$1,155	-$314

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

<u>Primary Market Occupancy Rates</u>:

> "The average occupancy for comparable apartments in the subject's primary market area was reported at 89.35% … occupancy in the primary market area in September 2006 has decreased slightly from the prior quarter. Average occupancy in the primary market area has remained in the upper to mid 80's or higher since September 1995. Based on our analysis of the market, moderate increases in occupancy are projected for this market." (p. 41)
>
> "There are two recently-constructed HTC projects within the PMA which have been stabilized for over 12 months, and are not included in the capture rate.
>
>> *Park at North Vista* is a 252-unit Family HTC project completed in December 2004, which obtained stabilized occupancy in September 2005, and reportedly has been in the 90% occupancy range since. Park at North Vista is currently 93% occupied and 98% pre-leased. Park at North Vista is located approximately 4 miles southwest of the subject.
>>
>> *Chisholm Trail* is a 228-unit Family HTC completed in June 2005, which attained stabilized occupancy in September 2005, and has remained in the high 90% occupancy range since. Chisholm Trail reported a current occupancy of 97%.
>
> There are a number of HTC/BRB projects which are not within the PMA, but are within relatively

close proximity. The projects will be addressed as follows:

Kimberly Pointe is a 228-unit Family project completed in December (2003). Kimberly Pointe reportedly attained stabilized occupancy in December 2004, and has remained above 95% occupancy since that date. Kimberly Pointe is located approximately 5 miles southwest of the subject.

Northland Wood is a 240-unit Family HTC project completed in August 2005 and 100% occupied in September 2005. Northland Wood was stabilized for over 12 months, although current occupancy is 87% (numerous Katrina evacuee move-outs). Northland Wood is located approximately 6 miles southeast of the subject.

Timber Ridge II is a 124-unit Family HTC which was completed in January 2005 and attained stabilized occupancy in September 2005. Timber Ridge II has remained in the 90% occupancy range since stabilization and is currently 91% occupied and 95% pre-leased.

Bristol Apartments is a 248-unit Family HTC completed in November 2005 and reportedly attained stabilized occupancy in May 2006. Bristol Apartments reported a current occupancy of 95% and is 98% pre-leased.

Park @ Humble is a 216-unit Family HTC completed in September 2005, which attained stabilized occupancy in July 2006. Park @ Humble is currently 95% occupied and 98% pre-leased.

Atascocita Pines is a 192-unit Family HTC project completed in July 2006, and is currently 98% occupied. Atascocita Pines is located approximately 7 miles southeast of the proposed subject property." (p. 46)

In addition, *East Tex Pines* is a 250-unit Family HTC project that was approved at the October 12, 2006 TDHCA Board meeting. East Tex Pines is located less than a mile outside the final PMA, and is approximately 6 miles southeast of the subject property.

Absorption Projections: "The limited amount of new product that entered the market in 2000 through 2005 was readily absorbed. (p. 39) "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." (p. 41)

Unstabilized, Under Construction, and Planned Development: "There is no HTC project currently under construction within the subject PMA, one approved HTC project (The Knightsbridge, a Seniors complex), and no proposed HTC project." (p. 41) Langwick Senior Residences is also an approved Seniors HTC complex within the PMA.

"According to our research (including contacting the Houston HUD office), there are 16 projects with 10 units or higher in the FM 1960 East submarket (which includes the majority of the subject's primary market area) in which the rents are based on income or otherwise restricted (12 HTC, 4 Section 8), excluding the proposed subject. The closest (family) HTC project is Timber Run, with 192 units and a current occupancy of 85%. Timber Run reported an occupancy in the high 90% range until the past several months. Occupancy reportedly declined due to a large number of move-outs, partially from Katrina evacuees. The high occupancy rate of the affordable housing projects near the subject's primary market area suggests that there is strong demand in the area for quality affordable housing." (p. 45) The Analyst included the 144 HTC units at Timber Run when calculating the inclusive capture rate to determine demand for affordable housing within the PMA.

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." (p. 79)

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The study considers demand from household growth and replacement of substandard units and does not incorporate demand from turnover as normally allowed in development specific market studies. In a large, area-wide market study, turnover does not result in new demand as a moving household leaves behind a vacant unit. A development specific market study identifies the demand from turnover as potential households that can be attracted away from existing units to the proposed development (and any other new developments that are not yet fully occupied).

The proposed development is located in the IAH Airport / Lake Houston submarket within the Houston MSA. In this submarket, at the 51%-60% of AMGI income level, the Department's market study indicates negative demand (-145 units) for studio/one-bedroom units; negative demand (-150 units) for two-bedroom units; and negative demand (-68 units) for three-bedroom units. This information is inconsistent with the demand conclusions of the market study submitted with the Application.

The Market Analyst expressed the following "Major concerns with the Vogt Williams (Department) Study:

- 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 2006 QAP
- Vogt Williams study PMA contains a population of over 200,000 persons, over twice the allowable population within a PMA
- Vogt Williams study surveyed less than 20% of the complexes within the submarket.
- The study showing negative demand at the 40% to 60% AMI level ranging from 445 to 487 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.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The principals of the Applicant may not appear to have the development experience or financial capacity to support the project if needed.
- The seller of the property has an identity of interest with the Applicant.
- 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:**	December 1, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	December 1, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 1, 2006

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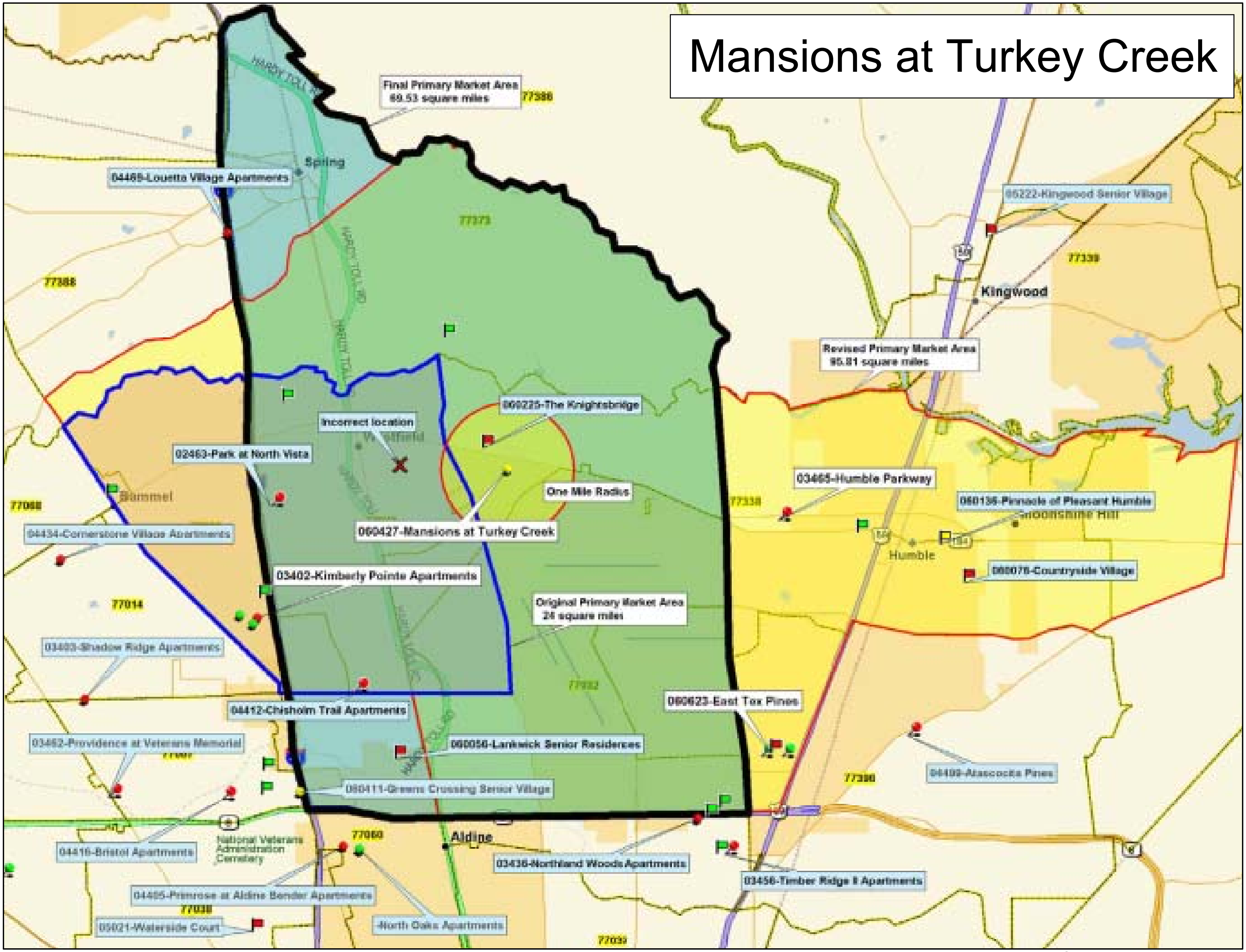

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1" = 1.97 mi
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TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: October 3, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060427

DEVELOPMENT NAME

Mansions at Turkey Creek

APPLICANT

Name:	Mansions at Turkey Creek, LP		**Contact:**	Robert R. Burchfield	
Address:	2123 W. Governors Circle, Suite 200				
City	Houston		**State:**	TX	**Zip:** 77092
Phone:	713 956-0555	**Fax:** 713 956-0166	**Email:**	Rob@BurchfieldCompanies.com	

KEY PARTICIPANTS

Name:	Mansion at Turkey Creek I, LLC	**Title:**	General Partner
Name:	Robert Burchfield	**Title:**	50% Owner of GP and Developer
Name:	Linda Hofheinz	**Title:**	50% Owner of GP
Name:	Feniksas Development, LP (Lee Burchfield)	**Title:**	Consultant

PROPERTY LOCATION

Location:	20000 block of Birnamwood Boulevard		
City:	Houston		**Zip:** 77338
County:	Harris	**Region:** 6	☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,110,365	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 $1,059,669 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance, before notice of determination, of evidence that an Environmental Noise Assessment and subsequent report recommendations have been carried out;
2. Receipt, review, and acceptance of documentation including, but not limited to, a new permanent loan commitment supporting a debt coverage ratio at a minimum of 1.10;
3. Receipt, review, and acceptance of an opinion letter from a tax attorney or CPA evaluating the 50% test should the bond debt be reduced as anticipated; and
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: 252 **# Res Bldgs** 12 **# Non-Res Bldgs** _ **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 246,400 **Av Un SF:** 978 **Common Area SF:** 4,974 **Gross Bldg SF:** 251,374

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 25% masonry veneer and 75% 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 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, 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 a total of 200 or more units, 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 equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a gazebo with sitting area, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each, and a sport court.

Uncovered Parking: 448 spaces **Carports:** 0 spaces **Garages:** 60 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Mansions at Turkey Creek is a 16-unit per acre new construction development located in North Houston The development is comprised of 12 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
1	3	2	8	
4	3	14	8	
7	3	2	12	8

The development includes a 4,974-square foot community buildings.

SITE ISSUES

SITE DESCRIPTION

Total Size:	15.06 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 west side of Birnamwood Boulevard, south of FM 1960, in Houston

Adjacent Land Uses:

- **North:** vacant land immediately adjacent and FM 1960 beyond;
- **South:** Turkey Creek immediately adjacent and vacant land beyond;
- **East:** Birnamwood Boulevard immediately adjacent and vacant land beyond; and

- **West:** vacant land immediately adjacent and beyond.

Site Access: The site will be accessed on the east side from Birnamwood Boulevard.
Public Transportation: The availability of public transportation was not identified in the application materials.
Shopping & Services: Schools, churches, shopping centers, medical facilities, police and fire stations are all located within the PMA.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 08/22/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments: The property is located just before you reach a security fenced area for IAH airport.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated May 2006 was prepared by The Murillo Company and supplemented by an amendment letter dated September 13, 2006. The Analyst reported the following findings and recommendations:

Findings:

- **Noise:** "Due to the proximity of George Bush Intercontinental Airport, a noise study is recommended for the subject property." (9/13 letter)
- **Floodplain:** "According to the Federal Emergency Management Act Flood Insurance Rate Map … this subject property is located in Zone "X", areas determined to be outside the 500-year floodplain." (p. 10)
- **Asbestos-Containing Materials (ACM):** "The subject property is heavily wooded with no structures on it. We do not recommend testing for asbestos containing materials." (9/13 letter)
- **Lead-Based Paint (LBP):** "The subject property is heavily wooded with no structures on it. We do not recommend testing for lead based paint." (9/13 letter)
- **Lead in Drinking Water:** "Drinking water will be supplied by the North Woods Municipal Utility District No. 1. Testing for lead in the drinking water is not recommended at this time." (9/13 letter)
- **Radon:** "Harris County does not have the source material for radon to be produced … review of EPA files indicates that radon is not considered a major problem in the Harris County area." (p. 13)
- **Other:** "(The Murillo Company) researched the Texas Commission on Environmental Quality Leaking Petroleum Storage Tank (LPST) database to determine if any Underground Storage Tanks have been registered at the subject property or adjacent properties. <u>One LPST site was identified within a ½ mile radius of the subject site</u> … STATUS CODE: (6A) FINAL CONCURRENCE ISSUED, CASE CLOSED … An investigation of the site revealed it is either located too far away from, or topologically and hydrologically down gradient or cross gradient from the subject property to be of potential environmental concern." (pp.7-8)
- **Recognized Environmental Concerns (RECs):** "This assessment has revealed no evidence of *Recognized Environmental Conditions* in connection with the subject property." (p. 14)

Recommendations:

Receipt, review, and acceptance, before notice of determination, of evidence that an Environmental Noise Assessment and subsequent 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.
All of units will be set-aside for low income tenants, with rent and income restrictions at 60% of area median family income. The application is for a priority 3 private activity bond allocation.

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 9, 2006 was prepared by O'Connor & Associates ("Market Analyst") and included the following findings:

Secondary Market Information: A Secondary Market Area was not specified in the study.

Definition of Primary Market Area (PMA): "For the purposes of this analysis, the subject's neighborhood is generally defined as being bound by Cypress Creek to the north, Aldine Westfield Road to the east, Rankin Road to the south, and Kuykendahl Road to the west." (p. 24) This area encompasses approximately 24 square miles and is equivalent to a circle with a radius of 2.8 miles.

Population: The estimated 2006 population of the PMA was 46,693 and is expected to increase by 13.5% to approximately 53,011 by 2011. There were an estimated 19,965 households in the PMA in 2006.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% since the target population is the general population, and the Analyst did not adjust the population for household size in calculating demand. The Analyst used an income range of $23,520 to $39,540. The minimum income is based on the maximum program rent of $686 for a one-bedroom unit and a 35% rent burden on household income. The maximum income is based on the income for a five-person household at 60% of AMGI, assuming 1.5 person-per-bedroom occupancy of a three-bedroom unit. (p. 66) This income band results in an income-eligible adjustment rate of 21%. (p. 67) The tenure appropriate adjustment rate of 69% is specific to the general population. (p. 66) The Market Analyst indicates a turnover rate of 65% applies based on IREM. (p. 67)

In addition, the Analyst indicated that the Houston Housing Authority has issued 14,898 Section 8 vouchers among an income eligible population of 272,659 households. The Analyst calculated 3,457 households in the PMA below the minimum income of $23,520; the segment of this group possessing vouchers represents potential additional demand. Applying the turnover rate of 65%, the Analyst calculated the Theoretical Demand from Section 8 Vouchers within the PMA to be 121 units. (pp. 68-69)

The Underwriter applied a household size adjustment rate of 97% to include households of five or less. The Underwriter used the same income range ($23,520 to $39,540), income-eligible adjustment rate (21%), and tenure-appropriate adjustment rate (69%) as the Analyst. The Underwriter calculated 3,402 households in the PMA below the minimum income of $23,520, resulting in a Theoretical Section 8 Demand for 121 units.

MARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	105	5%	73	3%
Resident Turnover	1,844	89%	1,936	91%
Section 8 Vouchers	121	6%	121	6%
TOTAL DEMAND	**2,070**	**100%**	**2,130**	**100%**

p. 69

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 12% based on a supply of 252 units of unstabilized comparable affordable housing in the PMA (consisting only of the subject) and total demand for 2,070 units. (p. 70) The Underwriter calculated an inclusive capture rate of 24% based on a supply of 480 units (including the subject and Kimberley Pointe, TDHCA #03402) divided by a revised demand estimate for 2,130 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 25% for family-targeted properties in urban areas.

It should be noted that the subject property is contained within the PMA of another proposed property. The East Tex Pines application has a higher priority than the subject. If the subject application were approved, the addition to the supply would cause the inclusive capture rate for East Tex Pines to exceed the 25% limit. The subject PMA, however, does not extend to encompass East Tex Pines.

Unit Mix Conclusion: "The proposed subject property will have 29% one-bedroom units, 49% two-bedroom units, and 22% 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 proposed unit mix is appropriate and will complement the local affordable housing market." (pp. 10-11)

Market Rent Comparables: The Market Analyst surveyed five comparable market rate apartment projects totaling 1,076 units in the market area. "These include apartment projects in the primary market area which are as similar as possible to the proposed subject property in terms of unit mix, age, physical condition, and property type." (p. 47)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$608	$608	$0	$700	-$92
2-Bedroom (60%)	$731	$731	$0	$910	-$179
3-Bedroom (60%)	$841	$841	$0	$1,155	-$314

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

Primary Market Occupancy Rates: "The average occupancy for comparable properties in the subject's primary market area was reported at 91.71%. Occupancy rates and rental rates in this market area have remained stable over the past few years, with gradual increases in rental rates." (p. 10)

Absorption Projections: "The limited amount of new product that entered the market in 2000 through 2005 was readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 38)

Unstabilized, Under Construction, and Planned Development: "Based on our research, there are no affordable housing projects (other than the subject property) currently proposed, approved, non-stabilized, or under construction." (p. 70) Although the Market Analyst states Kimberley Pointe (TDHCA #03402) with 228 units targeting the general population has been stabilized for 12 months, the underwriting analysis includes these units in the inclusive capture rate calculation for the subject development because the statement could not be confirmed.

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." (p. 12)

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 IAH Airport / Lake Houston submarket within the Houston MSA. According to the market study, performed by Vogt, Williams & Bowen, LLC, at the 51%-60% of AMGI income level, there is negative demand (-145 units) for studio/one-bedroom units; negative demand (-150 units) for two-bedroom units; and negative demand (-68 units) for three-bedroom units. This information is inconsistent with the demand conclusions of the market study submitted with the Application.

The Vogt Williams 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 Market Analyst expressed the following "Major concerns with the Vogt Williams Study:

- 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 2006 QAP
- Vogt Williams study PMA contains a population of over 200,000 persons, over twice the allowable population within a PMA
- Vogt Williams study surveyed less than 20% of the complexes within the submarket.

∉ The study showing negative demand at the 40% to 60% AMI level ranging from 445 to 487 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 July 2006, maintained by Houston Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electricity costs only. The Applicant indicated secondary income of $10 per unit per month from laundry and vending. This is within TDHCA guideline limit of $15 per unit. The Applicant also included secondary income of $50 per month for each of 60 detached garages. Secondary income above $15 per unit per month was excluded in the underwriting analysis because the Applicant has no history of providing this service at similar properties. The Applicant indicated losses due to vacancy and collection at 7.0% of potential gross income. The Underwriter applied the TDHCA guideline 7.5%. Despite these differences, the Applicant's estimated Effective Gross income of $2,087,316 is within 1% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $4,204 per unit is 7% lower than the Underwriter's estimate of $4,510, derived from the TDHCA database and third-party data sources. The Applicant's budget shows several line items, however, that deviates significantly when compared to the Underwriter's estimate. General & administrative expenses are $30K lower and property taxes are $35K lower. It should be noted that the property tax rate of 4.373 cents per $100 of assessed value is among the highest rates in the state. In addition, the Applicant has included $250 per unit per year in reserves. The underwriting analysis reflects the TDHCA minimum requirement of $200 per unit per year for new construction developments as the submitted financing commitments do not include a higher requirement.

Conclusion: The Applicant's effective gross income is within 5% of the Underwriter's estimate; however, the Applicant's total annual operating expenses and net operating income are more than 5% higher than the Underwriter's estimate. Therefore, the Underwriter's estimates will be used to determine debt capacity. The proforma and estimated 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 bond-financed 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 used, along with a reduced mortgage amount, 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

APPRAISED VALUE

Land Only: 15.06 acres	$1,380,000		**Date of Valuation:**	05/09/2006	
Appraiser:	Ross P. Welshimer	**Firm:**	O'Connor & Associates	**City:**	Houston

APPRAISAL ANALYSIS/CONCLUSIONS

An appraisal, provided by the purchaser, was performed by O'Connor & Associates and dated May 9, 2006. Five land sales dating from 2003 to 2005 for 3 acres to 33 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: 34.58 acres	$600,571	**Assessment for the Year of:**	2005
1 acre:	$17,368	**Valuation by:**	Harris County Appraisal District
Total: 15.06 acres prorated	$300,679	**Tax Rate:**	4.37347

EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Earnest money contract (15.06 acres)		
Contract Expiration:	11/01/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$1,312,027	**Other:**	
Seller:	Northwood Business Park Company	**Related to Development Team?**	☒ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: Northwood Venture II, LP acquired 125.86 acres from Northwood Municipal Utility District (MUD) No. 1 on August 25, 1998 for a total of $2,512,844.50. The Settlement Statement indicates a sale price for the land of $272,680, $2,227,320 for Chase Bank as Trustee for Bondholder, and other closing costs. Northwood MUD No. 1 had issued bonds to fund roads and utilities for the Northwood subdivision in the late 1980's. The MUD was forced into bankruptcy and the buyer purchased the site from bankruptcy court. During the negotiations, the bond holders requested that the funding from the sale be categorized as sale of the bonds. The buyer acquired the bonds (essentially worthless) and the land (125.86 acres).

Northwood Venture II, LP transferred the property to Northwood Business Park Company, as evidenced by a Special Warranty Deed dated October 5, 2000. Northwood Business Park Company is the Seller in the subject transaction. Northwood Venture II, LP, Northwood Business Park Company, and the Applicant have several common Principals; therefore this is considered a related party transaction. The Underwriter determined the acquisition cost from the original 1998 transaction. Dividing the 1998 acquisition cost of $2,512,844.50 by 125.86 acres yields a unit price of $19,965 per acre. This figure will be applied to the subject 15.06 acres, for a total acquisition cost of $300,679. Moreover, should the Applicant's total costs be used to size the tax credits, this excess land acquisition cost will be removed from the sources of funds to ensure that tax credit proceeds are not used to support the excess acquisition cost.

Sitework Cost: The Applicant's claimed sitework costs of $7,481 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 $1.2M, or 9%, lower than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook*. This significant understatement of cost calls into question the developer's capacity to estimate the development costs and/or develop the project as proposed.

Ineligible Costs: The Applicant included $600,000 in direct construction cost for 60 detached garages as an eligible cost. Since these garages will be available to tenants only for a separate fee, these costs are generally regarded to be ineligible, therefore, the Underwriter reduced the Applicant's eligible basis by an equivalent amount.

Contingency: The Applicant included $732K for contingency costs, exceeding the maximum of 5% of direct construction costs; therefore the Underwriter reduced eligible basis by the difference ($30,000).

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $643K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by a total of $84K based on the adjustments to construction costs identified above. 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 $387K 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 the overstated acquisition cost, will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated eligible basis of $22,455,365 is increased by 30% because the region has been designated a Difficult Development Area. The resulting adjusted eligible basis of $29,191,975 supports annual tax credits of $1,059,669. 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 calculated the requested credit amount with an applicable percentage of 3.53%, which is lower than the 3.63% rate currently used for applications submitted in August 2006.)

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: CharterMac **Contact:** Drew Foster

Tax-Exempt: $15,500,000 **Interest Rate:** 6.25%, fixed, lender's estimate **Amort:** 480 months

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

Comments:

TAX CREDIT SYNDICATION

Source: CharterMac **Contact:** Drew Foster

Proceeds: $9,823,000 **Net Syndication Rate:** 97% **Anticipated HTC:** $1,110,365/year

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

Comments:

OTHER

Amount: $1,290,872 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: CharterMac will provide interim to permanent financing by purchasing tax-exempt bond issued by the Houston HFC. The financing 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 $1,290,872 amount to 39% of the total fees.

Financing Conclusions: The recommended financing structure assumes a reduction in the permanent mortgage amount to $12,281,079 in order to achieve a first year debt coverage ratio of 1.10. The Applicant's total development cost estimate, adjusted for overstated acquisition cost, less the adjusted permanent loan indicates the need for $13,902,325 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,433,413 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request ($1,110,495), the gap-driven amount ($1,433,413), and eligible basis-derived estimate ($1,059,669), the Applicant's eligible basis-derived estimate of $1,059,669 is recommended, resulting in proceeds of $10,277,461 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $2,534,237 in additional permanent funds. Deferred developer fees in this amount do not appear to be repayable from development cashflow within 10 years of stabilized operation, but appear to be repayable within 15 years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.
- The Seller is regarded as a related party due to the fact that there are several common Principals between the Seller and the Applicant. This issue is addressed at length in the acquisition cost section above.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner, Linda Hofheinz and Robert R. Burchfield, submitted unaudited personal financial statements as of December 31, 2005, and September 1, 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. It should be noted, however, that at least one of the principals of the Applicant, Robert Burchfield, was a partner in the developer of record for another bond transaction with a local issuer (Montgomery Trace Apartments, TDHCA # 01420). This development has been renamed and completely reconfigured after the original development plan was abandoned and a new developer put in place to complete the project. This development has not yet submitted cost certification, and therefore additional information with regard to why these changes occurred has not been requested or received. Additionally, Mr. Burchfield was the principal contact and developer for the Mansions at Briar Creek (TDHCA #060070) in the 2006 9% application round. This application received an award allocation in July 2006 but was unable to document the required zoning change, and therefore the allocation was rescinded.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The principals of the Applicant may not appear to have the development experience or financial capacity to support the project if needed.
- The seller of the property has an identity of interest with the Applicant.
- 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:**	October 3, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	October 3, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	October 3, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Mansions at Turkey Creek, Houston, 4% HTC, 060427

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%	48	1	1	721	$686	$608	$29,184	$0.84	$78.00	$33.31
TC 60%	24	1	1	726	686	$608	14,592	0.84	78.00	33.31
TC 60%	84	2	2	996	823	$731	61,404	0.73	92.00	36.31
TC 60%	40	2	2	1,033	823	731	29,240	0.71	92.00	36.31
TC 60%	56	3	2	1,239	951	841	47,096	0.68	110.00	48.31
TOTAL:	252		AVERAGE:	978	$812	$720	$181,516	$0.74	$92.00	$38.12

INCOME	Total Net Rentable Sq Ft:	246,400		TDHCA	APPLICANT		Comptroller's Region	6
POTENTIAL GROSS RENT				$2,178,192	$2,178,192		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$15.00	45,360	30,240	$10.00	Per Unit Per Month	
Other Support Income: garage income				0	36,000	$11.90	Per Unit Per Month	
POTENTIAL GROSS INCOME				$2,223,552	$2,244,432			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(166,766)	(157,116)	-7.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$2,056,786	$2,087,316			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.82%	$393	0.40	$99,040	$69,552	$0.28	$276	3.33%
Management		5.00%	408	0.42	102,839	104,366	0.42	414	5.00%
Payroll & Payroll Tax		10.24%	836	0.86	210,672	202,608	0.82	804	9.71%
Repairs & Maintenance		5.56%	454	0.46	114,414	105,840	0.43	420	5.07%
Utilities		3.38%	276	0.28	69,552	51,912	0.21	206	2.49%
Water, Sewer, & Trash		4.50%	367	0.38	92,479	90,216	0.37	358	4.32%
Property Insurance		3.76%	307	0.31	77,279	86,940	0.35	345	4.17%
Property Tax	4.37347	13.40%	1,093	1.12	275,529	240,519	0.98	954	11.52%
Reserve for Replacements		2.45%	200	0.20	50,400	63,000	0.26	250	3.02%
Supp serv, comp, security		2.16%	176	0.18	44,352	44,352	0.18	176	2.12%
TOTAL EXPENSES		55.26%	$4,510	$4.61	$1,136,556	$1,059,305	$4.30	$4,204	50.75%
NET OPERATING INC		44.74%	$3,652	$3.73	$920,230	$1,028,011	$4.17	$4,079	49.25%
DEBT SERVICE									
CharterMac		45.41%	$3,706	$3.79	$934,027	$934,955	$3.79	$3,710	44.79%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		-0.67%	($55)	($0.06)	($13,797)	$93,056	$0.38	$369	4.46%
AGGREGATE DEBT COVERAGE RATIO					0.99	1.10			
RECOMMENDED DEBT COVERAGE RATIO					1.10				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		1.15%	$1,193	$1.22	$300,679	$1,391,306	$5.65	$5,521	5.31%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.21%	7,481	7.65	1,885,250	1,885,250	7.65	7,481	7.20%
Direct Construction		50.97%	52,865	54.07	13,322,061	12,146,804	49.30	48,202	46.39%
Contingency	4.81%	2.80%	2,903	2.97	731,603	731,603	2.97	2,903	2.79%
General Req'ts	5.77%	3.36%	3,484	3.56	877,923	877,923	3.56	3,484	3.35%
Contractor's G & A	1.92%	1.12%	1,161	1.19	292,641	292,641	1.19	1,161	1.12%
Contractor's Profit	5.77%	3.36%	3,484	3.56	877,923	877,923	3.56	3,484	3.35%
Indirect Construction		3.19%	3,313	3.39	835,000	835,000	3.39	3,313	3.19%
Ineligible Costs		6.07%	6,294	6.44	1,586,188	1,586,188	6.44	6,294	6.06%
Developer's G & A	2.00%	1.59%	1,652	1.69	416,313	459,358	1.86	1,823	1.75%
Developer's Profit	13.00%	10.35%	10,738	10.98	2,706,036	2,856,148	11.59	11,334	10.91%
Interim Financing		7.63%	7,910	8.09	1,993,260	1,993,260	8.09	7,910	7.61%
Reserves		1.19%	1,239	1.27	312,165	250,000	1.01	992	0.95%
TOTAL COST		100.00%	$103,718	$106.08	$26,137,043	$26,183,404	$106.26	$103,902	100.00%
Construction Cost Recap		*68.82%*	***$71,379***	***$73.00***	***$17,987,401***	***$16,812,144***	***$68.23***	***$66,715***	*64.21%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
CharterMac	54.03%	$56,039	$57.31	$14,121,808	$14,121,808	$12,281,079	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$2,928,961
HTC Syndication: CharterMac	41.21%	$42,741	$43.71	10,770,724	10,770,724	10,277,461	% of Dev. Fee Deferred
Deferred Developer Fees	4.94%	$5,123	$5.24	1,290,872	1,290,872	2,534,237	87%
Additional (Excess) Funds Req'd	-0.18%	($184)	($0.19)	(46,361)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$26,137,043	$26,183,404	$25,092,777	$3,003,533

Mansions at Turkey Creek, Houston, 4% HTC, 060427

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.11	$12,100,514
Adjustments				
Exterior Wall Finish	2.00%		$0.98	$242,010
9-Ft. Ceilings	3.75%		1.84	453,769
Roofing			0.00	0
Subfloor			(0.75)	(183,979)
Floor Cover			2.22	547,008
Porches/Balconies	$20.33	70,337	5.80	1,429,951
Plumbing per unit	$2,137	252	2.19	538,560
Built-In Appliances	$1,675	252	1.71	422,100
Stairs/Fireplaces	$1,650	90	0.60	148,500
Enclosed Corridors			0.00	0
Heating/Cooling			1.73	426,272
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$63.50	4,974	1.28	315,824
Fire Sprinkler	$1.90	246,400	1.90	468,160
SUBTOTAL			68.62	16,908,691
Current Cost Multiplier	1.07		4.80	1,183,608
Local Multiplier	0.90		(6.86)	(1,690,869)
TOTAL DIRECT CONSTRUCTION COSTS			$66.56	$16,401,430
Plans, specs, survy, bld prmt	3.90%		($2.60)	($639,656)
Interim Construction Interest	3.38%		(2.25)	(553,548)
Contractor's OH & Profit	11.50%		(7.65)	(1,886,164)
NET DIRECT CONSTRUCTION COSTS			$54.07	$13,322,061

PAYMENT COMPUTATION

Primary	$13,709,736	Amort	480
Int Rate	6.25%	DCR	0.99
Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	0.99
Additional		Amort	
Int Rate		Aggregate DCR	0.99

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$836,695
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$83,535

Primary	$12,281,079	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	$2,178,192	$2,243,538	$2,310,844	$2,380,169	$2,451,574	$2,842,047	$3,294,711	$3,819,473	$5,133,052
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Other Support Income: garage i	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,223,552	2,290,259	2,358,966	2,429,735	2,502,627	2,901,231	3,363,322	3,899,012	5,239,946
Vacancy & Collection Loss	(166,766)	(171,769)	(176,922)	(182,230)	(187,697)	(217,592)	(252,249)	(292,426)	(392,996)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,056,786	$2,118,489	$2,182,044	$2,247,505	$2,314,930	$2,683,639	$3,111,073	$3,606,586	$4,846,950
EXPENSES at 4.00%									
General & Administrative	$99,040	$103,002	$107,122	$111,406	$115,863	$140,965	$171,505	$208,662	$308,871
Management	102,839	105,924	109,102	112,375	115,747	134,182	155,554	180,329	242,347
Payroll & Payroll Tax	210,672	219,099	227,863	236,977	246,456	299,852	364,816	443,854	657,013
Repairs & Maintenance	114,414	118,990	123,750	128,700	133,848	162,846	198,128	241,053	356,817
Utilities	69,552	72,334	75,227	78,237	81,366	98,994	120,442	146,536	216,908
Water, Sewer & Trash	92,479	96,179	100,026	104,027	108,188	131,627	160,145	194,840	288,411
Insurance	77,279	80,370	83,585	86,928	90,405	109,992	133,822	162,814	241,005
Property Tax	275,529	286,550	298,012	309,932	322,330	392,163	477,126	580,497	859,278
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	44,352	46,126	47,971	49,890	51,886	63,127	76,803	93,443	138,318
TOTAL EXPENSES	$1,136,556	$1,180,990	$1,227,170	$1,275,166	$1,325,049	$1,605,483	$1,945,616	$2,358,214	$3,466,149
NET OPERATING INCOME	$920,230	$937,500	$954,874	$972,339	$989,882	$1,078,156	$1,165,457	$1,248,372	$1,380,801
DEBT SERVICE									
First Lien Financing	$836,695	$836,695	$836,695	$836,695	$836,695	$836,695	$836,695	$836,695	$836,695
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$83,535	$100,805	$118,179	$135,645	$153,187	$241,461	$328,762	$411,678	$544,107
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.16	1.18	1.29	1.39	1.49	1.65

HTC ALLOCATION ANALYSIS -Mansions at Turkey Creek, Houston, 4% HTC, 060427

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	$1,391,306	$300,679		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,885,250	$1,885,250	$1,885,250	$1,885,250
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$12,146,804	$13,322,061	$12,146,804	$13,322,061
(4) Contractor Fees & General Requirements				
Contractor overhead	$292,641	$292,641	$280,641	$292,641
Contractor profit	$877,923	$877,923	$841,923	$877,923
General requirements	$877,923	$877,923	$841,923	$877,923
(5) Contingencies	$731,603	$731,603	$701,603	$731,603
(6) Eligible Indirect Fees	$835,000	$835,000	$835,000	$835,000
(7) Eligible Financing Fees	$1,993,260	$1,993,260	$1,993,260	$1,993,260
(8) All Ineligible Costs	$1,586,188	$1,586,188		
(9) Developer Fees			$2,928,961	
Developer overhead	$459,358	$416,313		$416,313
Developer fee	$2,856,148	$2,706,036		$2,706,036
(10) Development Reserves	$250,000	$312,165		
TOTAL DEVELOPMENT COSTS	$26,183,404	$26,137,043	$22,455,365	$23,938,011

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$22,455,365	$23,938,011
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$29,191,975	$31,119,415
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$29,191,975	$31,119,415
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		$1,059,669	$1,129,635
Syndication Proceeds	**0.9699**	**$10,277,461**	**$10,956,044**
Total Tax Credits (Eligible Basis Method)		**$1,059,669**	**$1,129,635**
Syndication Proceeds		**$10,277,461**	**$10,956,044**
Requested Tax Credits		**$1,110,495**	
Syndication Proceeds		**$10,770,413**	
Gap of Syndication Proceeds Needed		**$13,902,325**	
Total Tax Credits (Gap Method)		**$1,433,414**	

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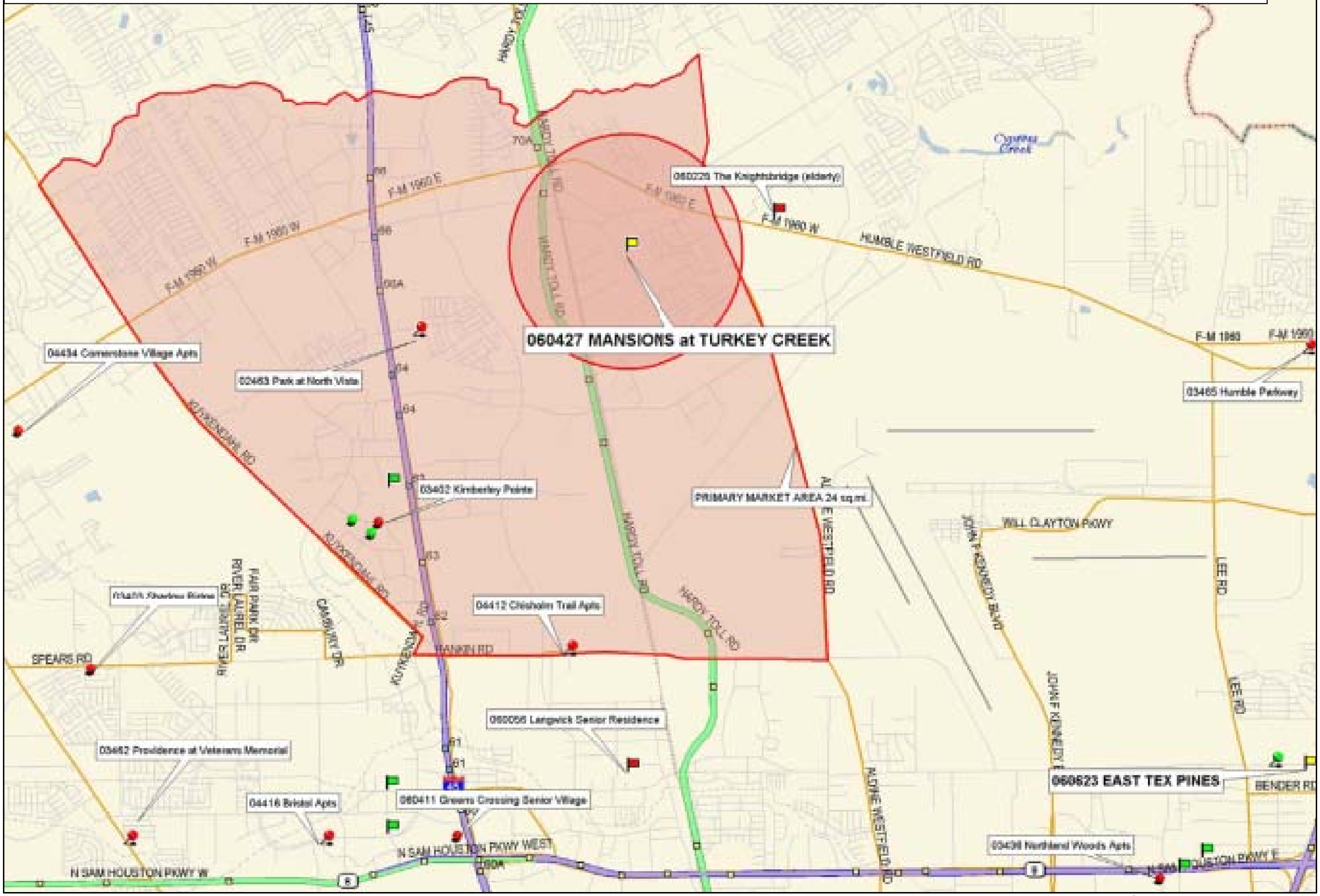

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PORTFOLIO MANAGEMENT AND COMPLIANCE

BOARD ACTION REQUEST
December 14, 2006

Action Item

Draft Compliance Monitoring Rules

Required Action

Approve for publication in the Texas Register draft amendments to Title 10, Part 1, Chapter 60, Subchapter A, Compliance Monitoring Rules and Adopt repeal of Title 10, Part 1, subchapter A, Sections 1.11, 1.13 and 1.14.

Background and Recommendations

The Compliance Rules were tabled at the November Board Meeting to address the Board's concerns about Material Noncompliance. Attached are the proposed amendments to the Compliance Rules that reflect staff's recommendations for revisions. All changes from the currently adopted Rule are shown in "black line" version. The text of substantial changes from the draft Rule brought to the Board in November is highlighted. The substantial changes from the Rules brought to the Board in November are shown below. An explanation of the changes that were proposed at the November Board meeting in response to public comment received at the statewide public hearing follows.

Summary explanation of proposed changes since November Board meeting

Proposed §60.18(d) and (e) page 21
Reason for Change: This section has been added to ensure the Department does not unreasonably penalize owners for noncompliance issues. The section of the rule states that properties transferred by an applicant more than three years ago will not be taken into consideration during a previous participation review. In addition, the proposed Rule states:

"A Development's score will be reduced by the number of points needed to be one point under the Material Noncompliance Threshold under the following circumstances:
(1) The Development has no uncorrected issues of noncompliance, and
(2) All issues of noncompliance were corrected during the corrective action period, and
(3) All corrective action documentation was provided to the Department during the corrective action period."

Proposed §60.18(c)(5) page 21
Reason for Change: Owners are required to inform the Department prior to the sale of any property regulated by the Department. At that time the Department conducts a previous participation review to determine if the proposed owner has any properties in Material Noncompliance. Adding this section puts this policy in rule form.

Proposed §60.17(b)(c)(f)and (g) on pages 19 and 20
Reason for Change: These sections are being added to more clearly define how the Department monitors utility allowances.

Reasoned Response to Public Comment on the Draft amendments to the Compliance Monitoring Rules brought to the Board in November

Portfolio Management and Compliance received comments at the Public Hearing in San Antonio, from one management company representative via email and from one developer.

General Comment:
State Representative Jose Menendez commented on the recent increase in crime on a particular Housing Tax Credit development in his district and was interested in investigating that property's adherence to program rules. (1)

Staff Response:
The Department has communicated directly with the State Representative's office regarding this matter and his concerns are being addressed.

§ 60.6 Section 8 Voucher Holders and Tenant Selection
Comment:
Comment was received suggesting that screening criteria relating to the minimum income for households receiving Section 8 assistance being limited to $2,500 annually regardless of the amount of rent paid by the household does not treat all applicants fairly. A minimum income, if utilized at all, must be applied equally. (2)

Staff Response:
Staff agrees with the comment**.** To ensure equitable treatment in the screening criteria, §60.6(c)(2) will read that housing sponsors are prohibited 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 2.5 times the individual's or family's share of the total monthly rent payable to the owner of the Development. A household participating in the voucher program or receiving any other type of rental assistance may not be required to have a minimum income exceeding $2,500 per year”.

§ 60.7 Monitoring for Compliance

Comment:

Comment was received that the language prohibiting eviction or non renewal of a lease for other than good cause was too vague. (2)

Staff Response:

Staff concurs with this comment and recommends the following language:

§60.7(b)(14) The owner shall not terminate the lease or evict the resident or refuse to renew the lease except for material noncompliance with the lease or other good cause.”

Comment:

Comment was received that the Department’s policy regarding designation of households at recertification causes an undue hardship on very low income residents in tax credit properties beyond the requirements of Section 42. Under TDHCA policy, if a household at 30%, 40% or 50% recertifies with an income over the published limit, they must be re-designated according to their current income. Comment suggested that these households are being forced to move if a unit at the higher income limit is not available. (3)

Staff Response:

The Department does not intend for these households to have to vacate. Staff believes that as household income increases, their ability to pay increased rent should be recognized. A household that moved in at the 30% level and recertifies at the 50% level should pay the higher rent once another unit on the property is leased to a household with an income and rent under the 30% limit. Staff does not recommend any change to the rules.

§ 60.13 Inspection Standard

Comment:

Comment was received that management companies are experiencing difficulty in obtaining copies of TDHCA notices of upcoming inspections and in obtaining the results of physical inspections from owners. They requested that notices of inspections and copies of reports be provided, not only to the owner, but the property management company as well. (2)

Staff Response:

Treasury Regulations require the Department to send notices of upcoming reviews and results of inspections to owners, not management companies. Because of the cost of copying and mailing an additional report and because management companies frequently change, staff is not recommending that the Compliance Monitoring Rules be changed to require a courtesy copy be sent to the management company. It is incumbent on the owners to work closely with their mangers.

PMC will change our policy and send a copy of the cover letter that accompanies a final inspection report to the management company on record. A copy of the full report can be obtained either from the owner or from the Department through our open records process.

PUBLIC COMMENT REFERENCES

Reference	Name:	Affiliation:
1	Representative Jose Menendez	Texas House of Representatives, District 124
2	Dana Hoover, Vice President	Hamilton Valley Management, Inc. Burnet, Texas
3	Dan Allgeier	NuRock Development, Coppell, Texas

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. A household participating in the voucher program or receiving any other type of rental assistance may not be required to have a minimum income exceeded $2,500 per year.

(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) The owner shall not terminate the lease or evict the resident or refuse to renew the lease except for material noncompliance with the lease or other 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 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~~e~~) 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.

(e~~4~~) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

§60.12. 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 Level two or Level three 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.

(7) If there are findings of noncompliance, the Department will provide a standard 90 day corrective action period. The Department will grant up to an additional 90 day extension if there is good cause and the owner clearly requests an extension.

§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) Properties outside the operational area of a municipal housing authority and within the operational area of a county housing authority must use the utility allowance issued by the county housing authority if the select the PHA method for establishing a utility allowance. (See Local Government Code Chapter 392)

(d) 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.

(e) HTC developments that elect to use a written local estimate must obtain a written update within one year of the last written update. Developments that fail to obtain an update will be monitored using the applicable Public Housing Authority allowance 90 days after the written local estimate expires.

(f) If the applicable Public Housing Authority adopts an “energy efficient” utility allowance and an allowance for all other properties, the “energy efficient” allowance is valid until the applicable Public Housing Authority adopts new allowances. If the applicable Public Housing Authority subsequently adopts an allowance without regard for energy efficiency, the Development must implement that allowance within 90 days of the change.

(g) If the applicable Public Housing Authority lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility. This does not apply if the Development uses a written local estimate in accordance with Treasury Regulation 1.42-10.

§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.

(5) The Department will not approve the transfer of ownership of any property regulated by the Department to a party in Material Noncompliance.

(d) A Development’s score will be reduced by the number of points needed to be one point under the Material Noncompliance threshold under the following circumstances:

(1) The Development has no uncorrected issues of noncompliance, and

(2) All issues of noncompliance were corrected during the corrective action period, and

(3) All corrective action documentation was provided to the Department during the corrective action period.

(e) Treatment of previously owned Developments during a Previous Participation review

(1)The Department will not take into consideration the score of a Development transferred by the applicant over three years ago.

(2) If the property was transferred less than three years ago, the Department will determine the score for the noncompliance events with a date of noncompliance identified during the applicant’s period of ownership. If the points associated with the noncompliance events identified during the applicant’s period of ownership exceed the threshold for Material Noncompliance, the application will not be recommended.

(f~~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.

(g~~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.

(h ~~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.

~~(i~~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~~
~~**PART 1**~~	~~TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS~~
~~**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.~~

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Items

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of the Final Rule for Action by Department if Outstanding Balance Exists, to be codified at 10 Texas Administrative Code §1.13.

Required Action

Approve, reject or approve with modifications the final rule for publication in the *Texas Register* the rules governing the payment of non-current fees to be codified at Title 10 Texas Administrative Code §1.13.

Background

The board approved a draft version of this rule for publication and comment on August 30, 2006. No comments were received regarding this rule during the public comment period. This new rule will replace an unrelated rule expected to be repealed by the Board at this meeting. 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.

Staff Recommendation: **Staff recommends the Board approve the final rule regarding payment of non-current fees under §1.13 for publication in the *Texas Register*.**

Title 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SUBCHAPTER A	GENERAL POLICIES AND PROCEDURES
New Section 1.13	Action by Department if Outstanding Balances Exist<et>

The Texas Department of Housing and Community Affairs (the Department) adopts new Section 1.13, concerning Action by the Department if Outstanding Balances Exist. The new section is adopted without changes to the proposed text, as published in the September 15, 2006 issue of the *Texas Register* (31 TexReg 7777), and will not be republished. The purpose of this new section is, in accordance with Chapter 2306.052(b)(4), Texas Government Code, to provide a mechanism to increase the collection of funds owed to the Department by persons requesting additional action by the Department prior to providing voluntary services. The rule will not impact required services related to the delivery of compliance functions.

No comments were received by the Department concerning the proposed new section.

The new section is adopted pursuant to the authority of the Texas Government Code, Chapter 2306. The adopted section affects no other code, article or statute.

New 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.

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
December 14, 2006

Action Items

Final 2007 Real Estate Analysis (REA) Rules:

§1.31 General Provisions
§1.32 Underwriting Rules and Guidelines
§1.33 Market Analysis Rules and Guidelines
§1.34 Appraisal Rules and Guidelines
§1.35 Environmental Site Assessment Rules and Guidelines
§1.36 Property Condition Assessment Guidelines
§1.37 Reserve for Replacement Rules and Guidelines

Required Action

1. Adoption of Repeal of Title 10 Texas Administrative Code, Part 1, Sections 1.31 – 1.37, REA Rules

2. Adoption of New Title 10 Texas Administrative Code, Part 1, Sections 1.31 – 1.37, REA Rules

Background

On September 15, 2006 the Draft 2005 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines were published in the *Texas Register*. Upon publication a public comment period commenced, ending on October 18, 2006. In addition to publishing the document in the *Texas Register*, a copy was published on the Department's web site and made available to the public upon request. The Department held public hearings in Houston, El Paso, Dallas, San Antonio, Midland, Tyler, Amarillo, Beaumont, Bryan, Corpus Christi, Harlingen, Brownwood and Austin. In addition to comments received at the public hearings, the Department received written comments.

During the course of the year, the Department heard many comments regarding soft Texas markets, the financing structure of transactions being too tight, and the need for the Department's rules to conform more to industry standards. Staff proposed, and the Board approved for draft consideration, revisions to the Real Estate Analysis Rules that were intended to incorporate these concerns. Based upon the comments on a few items it would appear that some of the proposed changes may need to be considered in more of a phased approach. This is particularly true for changes to the Market Analysis Rules and the implication of their enhanced requirements to the feasibility of the development. Given the uncertainty in the amount of additional demand that can be proven up in the form of demand from secondary markets, and as yet to be defined household formation, it may be prudent to limit the contraction of the rural and elderly capture rate to 75%

this year and reevaluate this in the upcoming year with more data to reflect upon. Similarly, staff believes it may be prudent to evaluate the results of the new measurement requirements for capture rate by unit type prior to setting absolute feasibility maximums.

In other areas of the proposed Real Estate Analysis Rules staff has attempted to provide a reasoned response to the comments and concerns that have been consolidated by staff. Staff is very concerned about how integrated the rules have become and how small changes in one area have implications in other areas. For example the request to reduce the proforma requirements from 30 years to 20 or 15 years is a reasonable request since the proforma for a new construction transaction is only an estimate of the future based on an estimate of the near future performance. However, State statute in 2306.185 of the Texas Government Code requires that the Department assess and consider the proposed affordability and economic viability for a minimum period which is most typically 30 years. Staff has endeavored to include an analysis of this 30 year requirement while still responding to the concerns raised by the commentators.

This action item was presented and tabled at the November 9th, 2006 TDHCA Board meeting. The 2007 QAP was approved at this meeting and staff has incorporated changes to the REA Rules in order to be consistent with the approved 2007 QAP. Public comment regarding the proposed REA Rules received during the November 9th, 2006 Board meeting and new comment has been incorporated into the reasoned responses (§1.32(d)(4)(D) – Acceptable Debt Coverage Ratio Range and §1.32(i)(2) - Restricted Market Rent). In addition, working with the public staff has identified an area requiring further clarification and revisions have been incorporated into this recommendation. The four changes to the REA Rules since the November 9th, 2006 meeting are summarized below.

1. **§1.32(e)(3) - Site Work Costs** *line 624*
Staff recommends changing the maximum site work cost limit to $9,000 per unit without additional substantiation by a third party to be consistent with the 2007 QAP.
2. **§1.32(e)(7) – Developer Fee** *line 683*
Staff recommends changing the developer fee limit for developments with 49 or fewer units to 20% of Total Eligible Basis less developer fees to be consistent with the 2007 QAP.

§1.32(e)
(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 for developments proposing 50 units or more and 20% of the project's Total Eligible Basis less developer fees for developments proposing 49 units or less, 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 for developments proposing 50 units or more and 20% of the rehabilitation/new construction basis less developer fees for developments proposing 49 units or less, and

3. **§1.33(d)(7) – Secondary Market Area** *line 990*

Staff recommends adding language clarifying the use of unstabilized comparables from the secondary market area. Conversations with the public revealed the need for further clarification.

4. **§1.36(a) – Property Condition Assessment** *line 1625*

Staff recommends changing the minimum term for Expected Repair and Replacement Over Time analysis to 15 years to be consistent with the approved long term proforma period.

Reasoned Response to Public Comment on the 2007 Draft Real Estate Analysis (REA) Rules

The Department received the majority of comments in writing by email and fax. This document provides the Department's response to all comments received. Comment and responses are presented in the order they appear in the REA Rules. After each comment title, numbers are shown in parentheses. These numbers refer to the person or entity that made the comment as reflected in the Addendum. Copies of the exact comment letters provided are available on the Department's website.

The comments and responses are divided into the following two sections:
I. Substantive comments on the REA Rules and Departmental response. Comment and responses are presented in the order they appear in the REA Rules. The numbers presented in parenthesis refer to the name and organization of the commenter.
II. Administrative clarifications and corrections. These include administrative changes made to the REA Rules by staff.

Language deleted from the 2006 REA Rules is shown with single strikethrough (i.e., ~~1.10~~) and new language proposed for the 2007 Draft REA Rules is shown with single underline (i.e., 1.15). Language proposed for deletion from the 2007 Draft REA Rules approved on August 30, 2006 is shown with double strikethrough (i.e., ~~1.30)~~ and new language proposed is shown with double underline (i.e., 1.35).

I. Substantive comments on the REA RULES AND DEPARTMENTAL RESPONSE

§§1.31 – 1.37 – REA Rules – (4)
Comment:
"The proposed rules for 2007 make changes which negatively impact the ability of TDHCA to effectively put affordable housing on the ground. The TDHCA Board should re-adopt the 2006 REA rules, which while imperfect, do not destroy the viability of the LIHTC Program."
Department Response:
While reverting to the 2006 rules *in their entirety* is an option to consider, significant comment by the public and TDHCA Board during the course of the year suggest that many of the areas addressed in the draft 2007 rules need to be considered. Staff does not recommend reverting to the 2006 REA rules, but recommends adoption of the 2007 as proposed herein with changes based on comment presented below.

§§1.31 – 1.37 – REA Rules - (4, 62)
Comment:
Allow for more credits per deal at application and during the underwriting process, resulting in more tax credit equity and less debt, thereby ensuring the long-term health of the Department's portfolio. Michigan allows a development to automatically apply for up to 5% additional credits in the year of cost certification.
Department Response:
Essentially, the current rules do allow for "more credits per deal" at application. The draft 2007 rules including the QAP propose an increase in the spread in the applicable percentage used at underwriting in order to provide a cushion of tax credits for unforeseeable costs. Moreover, the

Department rules already include contingency, 5% leeway in total development cost, and the maximum contractor and developer fees contemplated by the National Council of State Housing Agency's best practices. The current rules as proposed do not prohibit requests for additional 4% tax credits at cost certification. However, due to the high demand for competitive 9% tax credits, the Department is unable to "hold out" 5% of credits for future cost overruns. Competitive developments in need of additional credits may submit a full application and compete for the pool of 9% tax credits available in any given year. Staff does not recommend a change.

§1.32(d)(2)(I) - Reserves – (4, 61, 62, 63, 64, 54) *line 410*

Comment:

The annual reserve account in §1.32(d)(2)(I) doesn't conform to statute. It needs to be readjusted back to $125 and $200 per unit because the statutes intent does not allow department discretion to adjust those amounts. Increasing the annual replacement reserve from $200 to $250 for new construction lowers the amount of debt by lowering the net operating income available for debt service.

Department Response:

The TDHCA Governing Statute §2306.186 establishes a minimum reserve requirement for instances where the Department holds a first lien position. This legislation was passed in 2003. More current industry practice reflects higher reserves. The increase from $200 per unit to $250 per unit in annual replacement reserves deposits for new construction developments is based on two factors: (1) The National Council of State Housing Agencies' (NCSHA) Working Group on Housing Credit Allocation and Underwriting Recommended Practices as adopted by NCSHA's Board of Directors on December 2, 2003 – The Working Group included participants from 15 State Housing Agencies including TDHCA as well as 20 industry participants comprised of lenders, equity providers, accounting firms, and other affordable housing organizations; and (2) Minimum replacement reserve requirements indicated in commitments from lenders and syndicators submitted at application. Staff recommends no change.

§1.32(d)(3) - Net Operating Income – (4, 62) *line 463*

Comment:

If within 5% of the Underwriter's Net Operating Income (NOI) estimate, the Applicant's NOI conclusion should be used to determine debt coverage ratio and size the debt regardless of the difference in effective gross income and total annual operating expense figures. This could save staff time and would be in line with the real world.

Department Response:

Often significant debt service capacity differences exist as a result of differences in estimates of achievable rent due to lower market study conclusions, miscalculated utility allowances, unjustified secondary income, or vacancy and collection loss estimates. Moreover, large differences in gross income or total expenses could be identified but offset each other which calls into question the reliability of the Applicant's NOI calculation. Staff recommends no change.

§1.32(d)(4)(D) – Acceptable Debt Coverage Ratio Range – (4, 6, 63, 64, 31) *line 500*

Comment:

Increasing the debt coverage ratio minimum from 1.10 to 1.15 lowers the amount of debt available to the project. Also, the maximum debt coverage ratio should increase from 1.30 to 1.35 or 1.40 to allow for the possibility that income will not keep pace with expenses.

Department Response:
Staff does not recommend a change to the proposed minimum debt coverage ratio. The minimum debt coverage ratio increase from 1.10 to 1.15 is based on three factors: (1) The National Council of State Housing Agencies' (NCSHA) Working Group on Housing Credit Allocation and Underwriting Recommended Practices as adopted by NCSHA's Board of Directors on December 2, 2003; (2) Minimum debt coverage ratio requirements indicated in commitments from lenders and syndicators submitted at application; and (3) research on minimum debt coverage ratios utilized by the majority of other State Housing Agencies. These three sources indicate that a minimum debt coverage ratio of 1.15 is a healthy standard.
However, staff does recommend an increase in the maximum debt coverage ratio to 1.35 based on public comment and research into other State Housing Agency practices. The following language is proposed:

§1.32(d)(4)(D)
(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 1.35~~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.

§1.32(d)(5) - Long Term Proforma – (4, 62, 63, 26) *lines 534 & 875*
Comment:
Some comment commended the change from a 30-year proforma to a 20-year proforma, but requested that the Department further reduce the term for the proforma from 20 years to 15 years.
Department Response:
Staff recognizes the proposal to reduce the proforma requirement in the application to 15 or 20 years; however, the reference language in the proposed rule point to a requirement only of the underwriting staff to create a proforma. Staff recommends returning to a 30-year proforma created by the Underwriter to address the timeframes for affordability in the TDHCA Governing Statute as follows:

§2306.185. LONG-TERM AFFORDABILITY AND SAFETY OF MULTIFAMILY RENTAL HOUSING DEVELOPMENTS. (a) The department shall adopt policies and procedures to ensure that, for a multifamily rental housing development funded through loans, grants, or tax credits under this chapter, the owner of the development:

(1) keeps the rents affordable for low income tenants for the longest period that is economically feasible; and

(2) provides regular maintenance to keep the development sanitary, decent, and safe and otherwise complies with the requirements of Section 2306.186.

(b) In implementing Subsection (a)(1) and **in developing underwriting standards** and application scoring criteria for the award of loans, grants, or tax credits to multifamily developments, **the department shall ensure** that **the economic benefits of longer affordability terms** and below market rate rents are accurately assessed and considered.

(c) The department shall require that a recipient of funding maintains the affordability of the multifamily housing development for households of extremely low, very low, low, and moderate incomes **for the greater of a 30-year period** from the date the recipient takes legal possession of the housing or the remaining term of the existing federal government assistance.

Although statute does not specifically address a proforma as the underwriting standard, the proforma is the fundamental financial planning tool for assessing the estimated long term financial capacity of the development. Staff proposes the continuation of the 30-year proforma review as part of the underwriting analysis. However, to address public comment staff proposes language change to reflect feasibility based on a minimum debt coverage ratio and positive cashflow limited to the first 15 years. In the absence of the 30-year proforma test to meet the intent of §2306.185, staff proposed the initial feasibility language in §1.32(i)(4).

§1.32(d)
(5) Long Term Proforma ~~Feasibility~~. The Underwriter will ~~evaluate the long term feasibility of the Development by creating~~create a 30-year~~20-year~~~~30-year~~ operating proforma.

§1.32(i)
(5)~~(4)~~ Long Term Feasibility. Any year in the first 15 years of the Long Term Proforma, as defined in subsection (d)(5) of this section, reflects
(A) negative Cash Flow; or
(B) a Debt Coverage Ratio below 1.15.

§1.32(d)(5)(A) – Base Year Projection – (4, 62) *line 539*

Comment:

Change to read "The base year projection utilized is the NOI determined under Provision 1.32(d)(3)." Change for consistency with changes proposed for §1.32(d)(3).

Department Response:

Because staff recommended no change to §1.32(d)(3), staff recommends no change here. The current language is consistent with staff's earlier recommendation. If consistency with staff recommendation for §1.32(d)(3) above is not approved, this section of the rule would need to be readdressed.

§1.32(d)(5)(A)-(C) - Long Term Proforma – (4, 62, 31) *line 543*

Comment:

A 3% growth of income and 4% growth of expenses is not justified. In reality, income is decreasing while expenses are increasing. "For example, in Houston, the HUD maximum rents for all affordable unit levels has remained unchanged for three years. And, on top of that, the utility allowances have increased over the same time period. So, the true *effective* rents have actually *decreased* by 3%."

One commenter supports the objective criteria listed in this paragraph to allow for deviations from the numbers drawn from TDHCA databases to estimate costs.

Department Response:

Research on income and expense trending rates used by other State Housing Agencies indicates a minimum spread of 1% with expenses increasing at a greater rate than income. This spread provides a generally conservative long-term underwriting criteria, though in the short term this spread can be larger or smaller. In addition, staff believes language in §1.32(d)(5)(C) provides greater flexibility in making adjustments to expense line-items over the proforma period while maintaining consistency. Staff recommends no change.

§1.32(d)(5)(D) - Long Term Proforma – (31) *lines 563 & 875*

Comment:

Commenter disagrees with the striking of language requiring a development to pay back deferred developer fee within 15 years.

Department Response:

Staff did not intend to delete this requirement when such items were moved to §1.32(i) feasibility conclusion. Staff concurs with the commenter and recommends the following change:

§1.32(i)
(2) Deferred Developer Fee. Development requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cashflow within the first 15 years of the long term proforma as described in subsection (d)(5) of this section.

§1.32(e)(3) - Site Work Costs – (4, 62, 1) *line 624*

Comment:

The maximum limit per unit (without additional substantiation by a third party) should be raised to $9,000 to $10,000 per unit to account for an average inflation of 5% to 6% for the last five years and because there are costs associated with the engineer or architect support documentation.

Department Response:

Sitework costs specifically identified and recently claimed at cost certification for 41 new construction developments that placed in service in 2004 and 2005 indicate a mean of $6,200 and a median of $6,400 per unit. These figures indicate $7,500 per unit is still a good benchmark for requiring additional third party documentation. It should be emphasized that this is merely a standard for submitting more substantiation. It is not a ceiling. Staff recommends changing the limit to $9,000 per unit to be consistent with the 2007 QAP.

§1.32(e)
(3) Site Work Costs. Project site work costs exceeding ~~$7,500~~$9,000 per Unit must be well documented and certified by a Third Party engineer on the required application form.

§1.32(e)(7) – Developer Fee – (26, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53) *line 683*

Comment:

Language referring to limiting eligible deferred developer fee must be eliminated as it is against the preference for preserving or rehabilitating existing properties, including at-risk developments.

Department Response:

The language codifies Department underwriting practices that have been consistently applied, including: developer fee included in eligible basis for calculation of the 9% tax credit limited to 15% of rehabilitation or new construction eligible basis (less the developer fee), and no developer fee is included in acquisition eligible basis for identity of interest transactions. Of 18 applications submitted for 9% tax credits and forwarded for full underwriting in 2006, 17 claimed acquisition eligible basis. Of the 17 claiming acquisition eligible basis only six (35%) represented identity of interest transactions with no acquisition developer fee included in calculation of the development's eligible tax credits. As of September 2006, acquisition/rehabilitation developments requesting 4% tax credits in conjunction with a multifamily bond reservation do not include identity of interest transactions. In addition, the number of preservation and at-risk developments continues to rise even with this practice in place. Staff recommends no change.

§1.32(e)(7)(B)(ii) – Developer Fee, identity of interest acquisition basis – (13, 27) *line 698*

Comment:
Verified acquisition overhead and expenses should be included in eligible basis for identity of interest transactions. In particular, Rural Development transactions that transfer to related parties are just as difficult to work out as those transferred to third parties.

Replace the existing language that prohibits Developer Fees on Identity of Interest transactions with this: "Developer expenses directly related to acquisition activities are allowable in Eligible Basis."

Department Response:
The rule as it exists prevents an owner from profiting from the reacquisition of a property they already own or control. Developer fee for the construction/rehabilitation and new financing is allowed. Staff does not recommend a change.

§1.32(g)(3) – Supportive Housing – (54) *line 783*

Comment:
Allow Single Room Occupancy developments (SROs) to keep replacement reserves at $200 per unit, because they just don't have the cash flow to make those reserves whole at the end of the year. SROs also should be inserted into the same category as rural developments where the management fee can be higher than the typical 5 percent; currently, they are anywhere between 6 and 8 percent.

Department Response:
Staff does not recommend a change with regard to minimum replacement reserve requirements for supportive housing as there is as much, if not more, need for such reserves due to turnover and wear. Moreover, syndicators of such transactions have not indicated a reduced standard for these types of units. With regard to management fees, staff concurs and recommends the following change:

§1.32(g)(3)
(B) Operating Expenses. A Supportive Housing Development may have significantly higher expenses for payroll, management fee, 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.

§1.32(i)(1) – Inclusive Capture Rate – (4, 54, 62, 66, 63, 64, 67, 40, 1, 61) *line 837*

Comment:
The proposed rule changes lowering the capture rate for rural and senior developments from 100% to 50% would be detrimental to the affordable housing program; would lower the number of developments qualifying for HTC; and negate the statutory set-asides. The rule changes will increase the amount of work required to complete a market study and will increase the cost of the market study.

The demand from other sources that is allowed under current rules is not flexible enough to allow for these different types of demand. Based on research, a fraction of the demand comes from the primary market area, a fraction from the secondary market area, and another fraction from a larger area, sometimes outside of the state. Demand also originates from homeowners transitioning to rental and from households living within other households. Rule changes should be made that allow demand from these other sources before the capture rate is lowered. (67)

There are successful developments that would not have been approved under the proposed rules. Comment states that the current rule works quite well in rural areas and there are high-occupancy developments with an approximate 100% capture rate at application. Comment suggests a 100% capture rate for rural deals and a lower capture rate for urban senior developments.

Comment suggests a separate capture rate for urban and exurban developments. Current methodology for calculating demand includes a large percentage from renter turnover and rapidly growing exurban areas have a limited number of renter households. Comment suggests a 50% capture rate based solely on household growth without renter turnover.

Comment also supports a reduction in the inclusive capture limit from 100% to 50% for developments serving elderly residents. (54)

Staff rationale for the proposed rule is that demand varies by unit type; however occupancy analysis shows all unit types and income restrictions are in demand. The Ineligible Building Types rule in the QAP does not allow developers to match demand by unit type and therefore the proposed rule is in conflict with the QAP.

Department Response:

Staff agrees that the rule change may require more evaluation of the true sources of demand and believes the lease audits recently conducted by Darrell Jack of ApartmentMarket Data are a good first step in identifying true demand (see discussion below on secondary market §1.32(d)(7)). Most market analysts currently rely on turnover for the normal movement of households from one development to another for 90% to 95% of the anticipated demand. A capture rate at 100% for rural developments and developments targeting seniors suggests that every potential household that moves must come to the subject and any other new unstabilized units in order for them to fill. This premise suggests that the developments these tenants are leaving will have a high vacancy rate and be financially stressed. The premise for reducing the maximum inclusive capture rate from 100% to 50% was to provide some relief for these existing developments, a sentiment raised regularly to the Board by impacted properties providing testimony Mr. Jack's review of 2006 applications suggests that 12 developments would not have been funded if this proposed rule was in place last year. However, the same review suggests that only three would not have been funded if the maximum inclusive capture rate had been reduced to 75%. Staff further evaluated the details of the developments and found that all but two developments would likely still have been funded under the proposed rules if larger acceptable primary market areas were chosen by the Market Analyst or if demand from secondary market had been identified. Staff also received concern with regard to the per unit capture rate within market study requirements §1.33(d)(9) & (10) (discussed later) and agrees that a feasibility test on a per unit basis may be premature. Staff recommends the following change to a 75% capture rate in these areas and recommends removing the per unit capture rate for determination of feasibility.

§1.32(i)
(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%~~75% 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 clause (i) or (ii) of this paragraph 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.

§1.32(i)(2) - Restricted Market Rent – (4, 62, 24, 26, 66, 63, 1) *line 864*
Comment:
Just because you elect 60% AMI and are charging 40% AMI rents does not in and of itself make a deal unfeasible. Also, in many rural communities, it is impossible for properties to obtain full low-income housing tax credit rents. This provision needs to be deleted. (24)

The proposed rule is forcing developers to elect a lower rent level (50% of AMI) when the market may support higher a rent level in the future (60% of AMI).

The proposed rule would be detrimental to the affordable housing program, especially for applications from the Austin region. In the Austin area, no individual unit type by income level is less than 91.9% occupied and this indicates that the market is not oversupplied.

The rule change will have wide ranging effects, including driving affordable housing into higher income areas. The proposed changes will exclude outlying areas from future development. Area Median Income is set for the entire MSA and outer areas have lower incomes and rental rates compared to the central areas.
Department Response:
Staff agrees that other restrictions on a development such as USDA rent restrictions or local funding restrictions could limit rents below the tax credit rent. However, it is a basic principal of supply and demand that if the market price for comparable high quality units is less than a set affordability level, say 60% of AMI, then there is not an unmet need for units at 60% of AMI. Since, however, true comparability can be hard to measure, staff suggest that the proposed rule be modified to establish a lack of demand/infeasibility test where the comparable 60% restricted rent in the market is less than the maximum potential rent for households earning 50% of the median income. In this example, the application should reflect unit affordability set-asides at or below 50% of AMGI rather than 60%. This infeasibility criterion is not intended to disallow developments in areas with market rents below the 60% tax credit limit. The criteria's intent is to encourage developers to correctly structure transactions based on affordability levels at application. The following language is proposed:

§1.32(i)
(3)~~(2)~~ Restricted Market Rent. The Restricted Market Rent for units with rents restricted at 60% of AMGI 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 unless the development proposes all restricted units with rents restricted at or below the 50% of AMGI level.~~; 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.~~

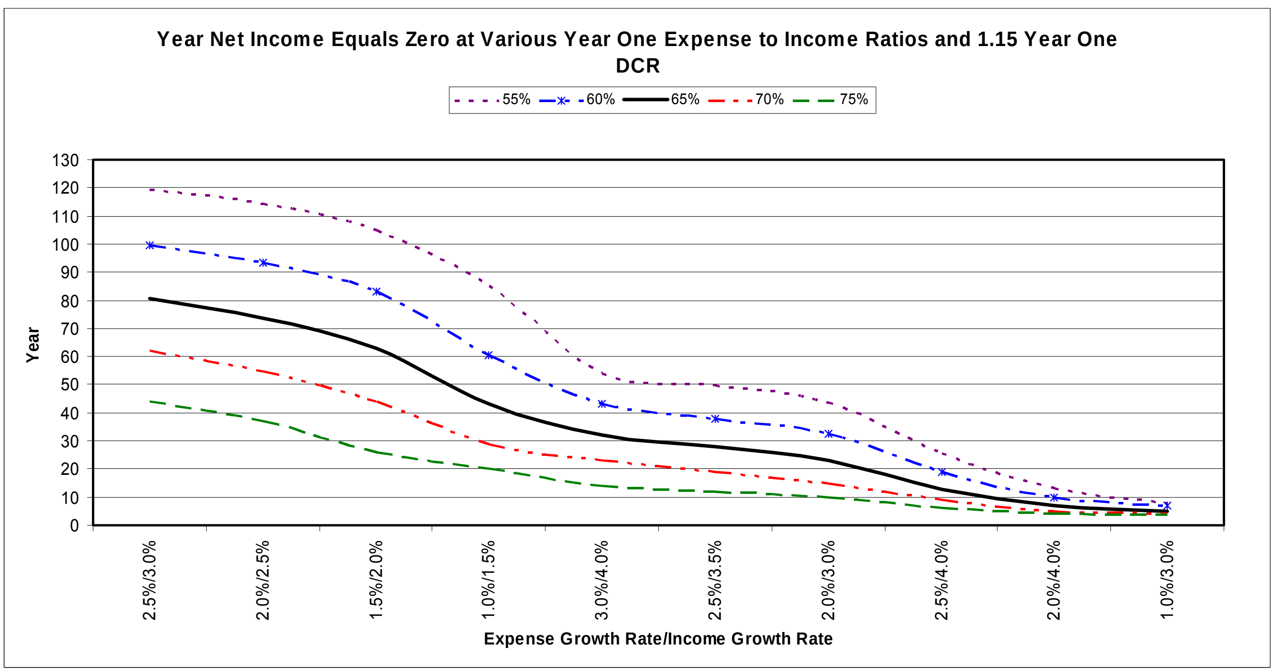
§1.32(i)(3) - Initial Feasibility – (4, 62, 26, 1) *line 873*

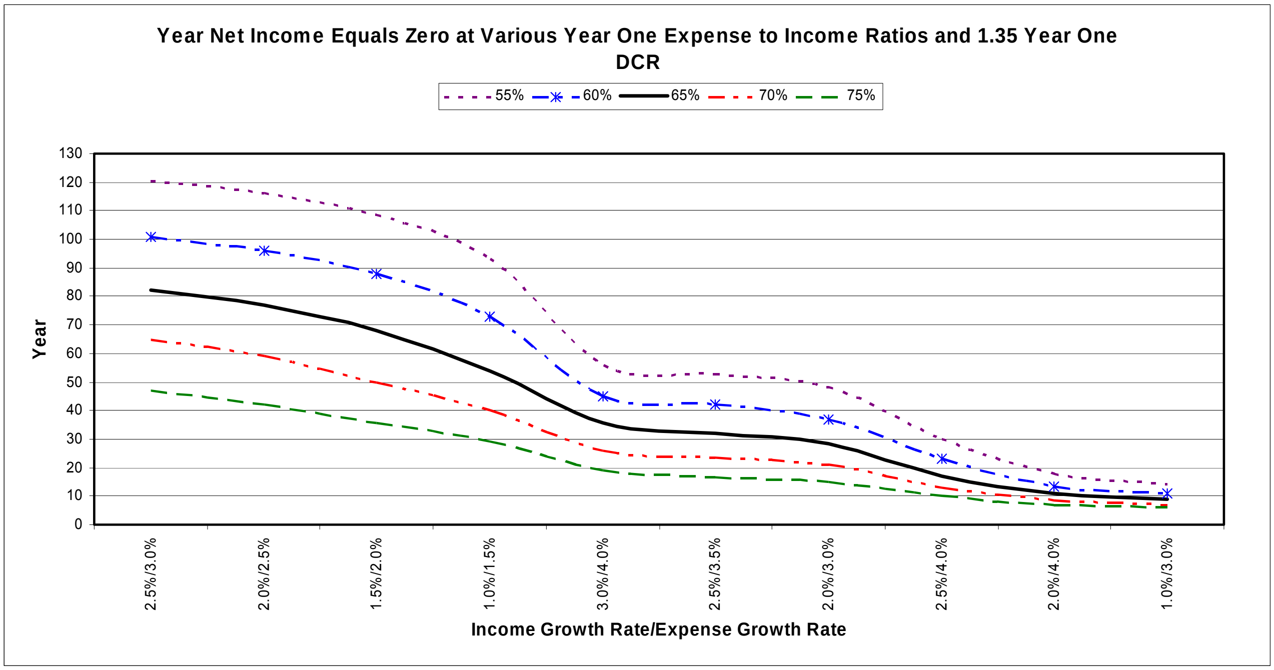
Comment:

Just because the projected operating expenses are greater than 65% of income does not in and of itself make a deal unfeasible. In some instances, the financing structure will allow a deal with a 65% expense to income ratio to be feasible. The deals that are most affordable will be deemed infeasible. The Department should think through what it's trying to do. This provision needs to be eliminated.

Department Response:

Lenders, syndicators and the state have typically focused on the debt coverage ratio as the key to determining if there is sufficient margin of income after expenses to cover annual debt service. This measure is typically adequate for an unrestricted development or where there is not a significant amount of extremely low rent targeting. When developments target deeper rents, their expense to income ratios generally rise (expenses remain the same but income goes down so this ratio goes up). The following graphs reflect the long term feasibility (year in which expenses plus debt service overwhelms income) for different expense to income ratios (reflected as lines) based upon different growth assumptions for expenses and income identified at the bottom.





The graphs indicate that when the growth rates for expenses and income are close to each other the point at which the expenses plus debt service surpasses income (the point where the transaction is projected to be no longer feasible) is more than 40 years in the future, well beyond normal amortization term of the principal loan. It is typical for financing participants to test the ongoing viability of a transaction by using a growth rate for expenses that is faster than the growth rate for income and most typically the spread between the two growth rates in the test is 1% or more. The Department has historically used a 4% growth rate for expenses and a 3% growth rate for income and the chart shows that with a 65% initial expense to income ratio and an initial DCR of 1.15, expenses plus debt service will overwhelm income in 32 years (the second chart shows the impact will be 35 years when the initial DCR is 1.35) Many lenders have indicated common use of a slightly more conservative 3% growth of expenses and 2% growth of income which cause the point of infeasibility for the same 65% expense to income ratio to be year 23 for a DCR starting at 1.15 and year 28 for a DCR starting at 1.35.

The 65% expense to income ratio is a new Department underwriting standard that has been developed to ensure the benefits of affordability for 30 years. If the 30 year positive cash flow requirement is removed as proposed in TAC §1.32(d)(5) above, the new 65% test would be the only measure attempting to address the underwriting direction expressed in Texas statute §2306.185. Comment provided no alternative income to expense ratio or specific language changes other than to have this removed in its entirety. Staff recommends no change.

§1.32(i)(5) - Exceptions – (4, 62) *line 879*
Comment:
"…this provision needs to be eliminated. First, you don't need (A) if you remove Provision 1.32(i)(2). Second, (B) through (E) favor PHA and RD developments over conventionally financed developments and the Texas statute states that the rules are to be written so that no one type of Applicant shall be favored over another type of Applicant."

Department Response:
Staff agrees that §1.32(i)(5)(A) should be deleted based on the proposed change to §1.32(i)(2) Restricted Market Rent. Staff does not agree that the remaining exceptions, §1.32(i)(5)(B) – (E), should be eliminated. Developments receiving project-based rental assistance or operating subsidies should be treated differently because of the capacity of the subsidies to offset increases in operating expenses. Not providing these exceptions would cause these developments to be characterized as infeasible based on the rule when with the documented subsidy, they would be feasible. It should be noted that no Applicant is being favored in these cases, but rather feasibility is evaluated based on the objective status of rental assistance on a property. Staff recommends the following change:

§1.32(i)
(6)~~(5)~~ Exceptions. Developments meeting the requirements of one or more of paragraphs (3)~~(2)~~ – (5)~~(4)~~ of this subsection may be re-characterized as feasible if one or more of subparagraphs (A) – (C)~~(D)~~ of this paragraph and subparagraph (D)~~(E)~~ of this paragraph 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.
(B) ~~(C)~~The Development will receive rental assistance in association with USDA-RD-RHS financing.
(C)~~(D)~~ The Development will be characterized as public housing as defined by HUD.
(D)~~(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(d)(7) – Secondary Market Area – (66) *line 990 & 1099*
Comment:
A Secondary Market Area (SMA) with a population limited to 250,000 for Urban/Exurban Family projects should be allowed. This recommendation is based on two lease audits conducted by Apartment MarketData for two income restricted projects – Eagle Ridge and Willow Bend. The audits show that only 50-55% of tenants previously resided within the PMA.
Department Response:
While no specific language was proposed, staff agrees with the comments and appreciates the lease audit analysis conducted thus far by ApartmentMarket Data. The audit suggests that over 50% of tenants in two properties come from the immediate area (estimated primary market area) and that areas immediately surrounding the primary market area accounted for roughly 25% of tenants. The remainder came from other parts of the MSA, State and country. Thus a limit on demand from the secondary market is proposed in the revised language. Staff also notes and strongly encourages consideration of other demand sources. To be responsive to public comment, staff recommends the following change:

§1.33(d)

~~(8)~~(7) 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 secondary 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) size based on a base year population of no more than 250,000 people for Developments targeting families, and

(ii) boundaries based on

(I)~~(i)~~ major roads,

(II)~~(ii)~~ political boundaries, and

(III)~~(iii)~~ natural boundaries.

(IV)~~(iv)~~ A radius is prohibited as a boundary definition.

§1.33(d)(9)(E)

(iv) Demand from Secondary Market Area.

(I) 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 Secondary Market Area projected at the proposed placed in service date.

(II) Only 25% of the demand calculated in subclause (I) of this clause may be included in the calculation of demand as described in paragraph(10)(D) of this subsection and for use in calculation of inclusive capture rate as described in paragraph (10)(E) of this subsection. In addition, 25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate.

(v) 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.

§1.33(d)(10)

(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 applicable to the subject Development discussed in paragraph (9)(E)(ii) - ~~(iv)~~(v) of this subsection. State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - ~~(iv)~~(v) of this subsection.

§1.33(d)(9) & (10) – Demand and Capture Rate by Unit Type and Demand from Turnover and Population Growth - - (64, 61, 66, 63, 62, 40, 68, 1, 4) *lines 1034 & 1112*

Comment:

The proposed rule would be detrimental to the affordable housing program. Comment identifies the impact of the rule change as reducing the number of developments qualifying for the HTC program. Comment states that Department staff has not sufficiently modeled the impact of the change. Analysis by commenter shows 5 out of 6 developments approved by the Board would not have been recommended for funding under the new proposed rule. One specific development that, according to the commenter, would not have been recommended leased up much more quickly than anticipated. Further investigation revealed that 53% of the development's demand originated from renter households and 40% of the demand originated from households living with another household. Comment suggests reverting to the demand capture rate found significant in the 2006 rules.

Staff rationale for the proposed rule is that demand varies by unit type; however occupancy analysis shows all unit types and income restrictions are in demand. The Ineligible Building Types rule in the QAP does not allow developers to match demand by unit type and therefore the proposed rule is in conflict with the QAP.

One individual suggested rule changes will increase the amount of work required to complete a market study and will increase the cost of the market study. It is difficult to get this type of information by unit type. Comment state that market analysts currently evaluate the proposed unit mix.

Comment suggests a separate capture rate for urban and exurban developments. The current methodology for calculating demand includes a large percentage from renter turnover and rapidly growing exurban areas have a limited number of renter households. Comment suggests a 50% capture rate based solely on household growth without renter turnover.

Department Response:

The infeasibility criteria in §1.32(i)(1) has been adjusted to no longer include capture rate by unit type and income set-aside. However, the proposed language in §1.33(d)(9) & (10) provides a mechanism for market analysts to fulfill the requirement from §1.33(d)(10)(A) to provide a ***best possible unit mix conclusion by occupancy and demand***. The best possible unit mix requirement was added to the 2005 REA Rules; however, Market Analysts have failed to provide sufficient support for their conclusions. Staff recommends no change.

Regarding an exurban capture rate, the current rule and proposed changes allow sufficient flexibility for demand from other sources.

§1.33(f) – (4, 62) *line 1211*

Comment:

Comment suggests the following wording: "Absent compelling written or other physical evidence to the contrary, the Department shall be bound by the opinion of the Market Analyst." Comment states that compelling, documented evidence that contradicts the market study should be included in the underwriting report. This also ignores the statutory mandate in Section 2306.6710, Government Code, requiring that the Department evaluate financial feasibility on the basis of the third-party pro-forma provided with the application.

Department Response:

It is the responsibility of the Department to review and evaluate market information received regarding proposed developments. Staff utilizes the information presented in the market study to generate independent conclusions supported by additional information as available. Further the statutory mandate in 2306.6710 is clearly limited to allocation of points, not the underwriting analysis. Staff recommends no change.

§1.36(a) – Property Condition Assessment – (4, 26, 1) *line 1625*

Comment:

The minimum term for the Expected Repair and Replacement Over Time analysis is 30 years. This should be reduced to 15 years. PCA requirements should either be eliminated for rehabilitation developments or required for both rehabilitation developments and new construction. Commenter recommends in descending order of preference: (1) complete removal of PCA requirement; (2) require a PCA with estimated costs of repairs over 15 years; or (3) impose PCA requirements on both rehab and new construction if a 30-year period is retained.

Department Response:

Staff will adjust the minimum term for Expected Repair and Replacement Over Time analysis to be consistent with the approved long term proforma period. Staff does not recommend doing away with the PCA requirement for rehabilitation developments or adding the requirement for new construction developments. The PCA comprises not only a reserve for replacement analysis, but also a third party verification of planned rehabilitation construction costs. Staff suggests the question of requiring a reserve for replacement analysis for new construction developments be addressed in the 2008 rules. Staff recommends changing the minimum term for Expected Repair and Replacement Over Time analysis to 15 years to be consistent with the approved long term proforma period.

(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~~15 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.

§1.36(d) – Property Condition Assessment – (26) *line 1710*

Comment:

The date of the PCA should not be changed to no more than 3 months prior to the date of application. The date should remain at no more than 6 months prior to the date of application.

Department Response:

Staff concurs and recommends the following:

(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~~sixthree~~ months prior to the date of the application.

II. ADMINISTRATIVE CLARIFICATIONS AND CORRECTIONS

Staff requests the Board’s approval to make administrative changes as needed for consistency within the REA Rules as well as with other Department Rules. These changes would include, but are not limited to correcting references to other rules such as specific sections of the QAP, capitalization of defined terms, correcting typographical mistakes, providing consistency with final developer fee limits (QAP §49.9(d)(6)(B)(ii)), replacement reserve analysis term for consistency with long term proforma (REA Rules §1.36(a)), etc.

Comment Source Reference

Tab #	Organization
1	Texas Affiliation of Affordable Housing Providers (TAAHP), Diana McIver
4	Texas United Independent Developers Association, Eric Opiela
5	Tekoa Partners, Ltd, William J Lee
13	Winston Sullivan, Individual
19	Gary Kersch, Individual
24	Solutions Plus, Mike Sugrue
26	Patrick Barbolla, Individual
27	Dennis Hoover, Individual
31	Tropicana Properties, Bobby Bowling
38	Youngs Company, Don Youngs
40	O'Connor and Associates, Craig Young
42	Donna Housing Finance Corporation, Liz Hernandez and Bob Gonzales
43	McAllen Housing Authority, Jose A Saenz
44	Odyssey Residential Holdings, LP, Bill Fisher
45	Edinburg Housing Authority, Estella L. Trevino
46	Corpus Christi Housing Authority, Eva Shults
47	Pharr Housing Authority, Roy Navarro
48	Weslaco Housing Authority, Ruben Sepulveda
49	Beaumont Housing Authority, Robert L. Reyna
50	Pharr Housing Development Corporation, Fernando Lopez
51	Flores Residential, Apolonio Flores
52	Community Development Corporation of South Texas, Robert A Calvillo
53	Texarkana Housing Authority, Richard Herrington, Jr
54	Texas Association of Community Development Corporations (TACDC), Matt Hull
61	Jose Menendez, State Representative, District 124
62	Michael Hartman, Individual
63	Akanai Investments, Inc, Uwe Nahuina
64	Hogan Real Estate, Inc, Michael Hogan
66	Apartment Market Data, Darrell Jack
67	Ed Ipser, Individual
68	Jeff Spicer, Individual

§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 (§§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)(8)~~(9)~~ of this title 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 title 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)(7) of this title.

~~(21)~~(22) Supportive Housing--Sometimes referred to as "Transitional Housing." Rental housing intended solely for occupancy by individuals or households transitioning from homelessness or abusive situations to permanent housing and typically consisting primarily of efficiency units.

~~(22)~~(23) Sustaining Occupancy--The occupancy level at which rental income plus secondary income is equal to all operating expenses and mandatory debt service requirements for a Development.

~~(23)~~(24) TDHCA Operating Expense Database--Sometimes referred to as "TDHCA Database." A consolidation of recent actual operating expense information collected through the Department's Annual Owner Financial Certification process and published on the Department's web site.

~~(24)~~(25) Underwriter--The author(s), as evidenced by signature, of the Credit Underwriting Analysis Report.

~~(25)~~(26) Unstabilized Development-- A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion.

~~(26)~~(27) Utility Allowance--The estimate of tenant-paid utilities, based either on the most current HUD Form 52667, "Section 8, Existing Housing Allowance for Tenant-Furnished Utilities and Other Services," provided by the local entity responsible for administering the HUD Section 8 program with most direct jurisdiction over the majority of the buildings existing or a documented estimate from the utility provider proposed in the Application. Documentation from the local utility provider to support an alternative calculation can be used to justify alternative Utility Allowance conclusions but must be specific to the Subject Development and consistent with the building plans provided.

~~(27)~~(28) 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.~~

(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) - (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.

(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 should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this title.

(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 title.

(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~~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) - (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 1.35~~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) - (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) - (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 30-year~~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.~~

(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 title. 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~~$9,000 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 at a total of 14%~~to 6% for general requirements, 2% for contractor overhead, and 6% for contractor profit~~. The percentage is~~percentages are~~ applied to the sum of the direct construction costs plus site work costs. For tax credit Developments, the percentages are applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contractor fees. ~~Minor reallocations to make these fees fit within these limits may be made at~~

~~the discretion of the Underwriter.~~ For Developments also receiving financing from TX-USDA-RHS, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TX-USDA-RHS requirements.

(7) Developer Fee~~ Limits~~. 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 for developments proposing 50 units or more and 20% of the project's Total Eligible Basis less developer fees for developments proposing 49 units or less, 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 for developments proposing 50 units or more and 20% of the rehabilitation/new construction basis less developer fees for developments proposing 49 units or less, 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.

(f) Developer Capacity. The Underwriter will evaluate the capacity of the Person(s) accountable for the role of the Developer to determine their ability to secure financing and successfully complete the Development. The Department will review financial statements, and personal credit reports for those individuals anticipated to guarantee the completion of the Development.

(1) Credit Reports. The Underwriter will characterize the Development as "high risk" if the Applicant, General Partner, Developer, anticipated Guarantor or Principals thereof have a credit score which reflects a 40% or higher potential default rate.

(2) Financial Statements of Principals. The Applicant, Developer, any principals of the Applicant, General Partner, and Developer and any Person who

will be required to guarantee the Development will be required to provide a signed and dated financial statement and authorization to release credit information in accordance with the Department's program rules.

(A) Individuals. The Underwriter will evaluate and discuss financial statements for individuals in a confidential portion of the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(B) Partnerships and Corporations. The Underwriter will evaluate and discuss financial statements for partnerships and corporations in the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(C) If the Development is characterized as a high risk for either lack of previous experience as determined by the TDHCA division responsible for compliance or a higher potential default rate is identified as described in paragraph (1) or (2) of this subsection, the Report must condition any potential award upon the identification and inclusion of additional Development partners who can meet the Department's guidelines.

(g) Other Underwriting Considerations. The Underwriter will evaluate numerous additional elements as described in subsection (b) of this section and those that require further elaboration are identified in this subsection.

(1) Floodplains. The Underwriter evaluates the site plan, floodplain map, survey and other information provided to determine if any of the buildings, drives, or parking areas reside within the 100-year floodplain. If such a determination is made by the Underwriter, the Report will include a condition that:

(A) The Applicant must pursue and receive a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F); or

(B) The Applicant must identify the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain; or

(C) The Development must be designed to comply with the QAP, as proposed.

(2) ~~Inclusive Capture Rate. The Underwriter will not recommend the approval of funds to new Developments requesting funds if the anticipated inclusive capture rate, as defined in §1.33 of this title, exceeds 25% for the Primary Market unless:~~

~~(A) The Developments is classified as a Rural Development according to the QAP, as proposed, in which case an inclusive capture rate of 100% is acceptable; or~~

~~(B) The Development is strictly targeted to the elderly or special needs populations, in which case an inclusive capture rate of 100% is acceptable; or~~

~~(C) The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the same Primary Market Area on a Unit for Unit basis, and which gives the displaced tenants of the previously existing Affordable Housing a leasing preference, in which case an inclusive capture rate is not applicable.(3)~~ The Underwriter will identify in the report any Developments funded or known and anticipated to be eligible for funding within one linear mile of the subject.

(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, management fee, 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 15-year~~20-year30-year~~ cumulative negative cash flows. Such evidence will be evaluated by the Underwriter on a case-by-case basis to satisfy the Department's long term feasibility requirements and may take the form of one or a combination of the following: executed subsidy commitment(s), set-aside of Applicant's financial resources, to be substantiated by an audited financial statement evidencing sufficient resources, and/or proof of annual fundraising success sufficient to fill anticipated operating losses. If either a set aside of financial resources or annual fundraising are used to evidence the long term feasibility of a Supportive Housing Development, a resolution from the Applicant's governing board must be provided confirming their irrevocable commitment to the provision of these funds and activities.

(D) Development Costs. For Supportive Housing that is styled as efficiencies, the Underwriter may use "Average Quality" dormitory costs from the Marshall & Swift Valuation Service, with adjustments for amenities and/or quality as evidenced in the application, as a base cost in evaluating the reasonableness of the Applicant's direct construction cost estimate for new construction Developments.

(h) Work Out Development. Developments that are underwritten subsequent to Board approval in order to refinance or gain relief from restrictions may be considered infeasible based on the guidelines in this section, but may be characterized as "the best available option" or "acceptable available option" depending on the circumstances and subject to the discretion of the Underwriter as long as the option analyzed and recommended is more likely to achieve a better financial outcome for the property and the Department than the status quo.

(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. A development will be characterized as infeasible if paragraph (1) or (2) of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (3)~~(2)~~ – (5)~~(4)~~ of this subsection applies unless paragraph (6)~~(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%~~75% 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 clause (i) or (ii) of this paragraph 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) Deferred Developer Fee. Development requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cashflow within the first 15 years of the long term proforma as described in subsection (d)(5) of this section.

(3)~~(2)~~ Restricted Market Rent. The Restricted Market Rent for units with rents restricted at 60% of AMGI 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 unless the development proposes all restricted units with rents restricted at or below the 50% of AMGI level.~~; 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.~~

(4)~~(3)~~ Initial Feasibility. The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(5)~~(4)~~ Long Term Feasibility. Any year in the first 15 years of the Long Term Proforma, as defined in subsection (d)(5) of this section, reflects

(A) negative Cash Flow; or

(B) a Debt Coverage Ratio below 1.15.

(6)~~(5)~~ Exceptions. Developments meeting the requirements of one or more of paragraphs (3)~~(2)~~ – (5)~~(4)~~ of this subsection may be re-characterized as feasible if one or more of subparagraphs (A) – (C)~~(D)~~ of this paragraph and subparagraph (D)~~(E)~~ of this paragraph 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.

(B) ~~(C)~~The Development will receive rental assistance in association with USDA-RD-RHS financing.

(C)~~(D)~~ The Development will be characterized as public housing as defined by HUD.

(D)~~(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) - (3) of this subsection.

(1) If not listed as approved by the Department, Market Analysts must submit subparagraphs (A) - (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) - (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) - (12) 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 secondary 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) size based on a base year population of no more than 250,000 people for Developments targeting families, and

(ii) boundaries based on

(I)~~(i)~~ major roads,

(II)~~(ii)~~ political boundaries, and

(III)~~(iii)~~ natural boundaries.

(IV)~~(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) - (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 Secondary Market Area.

(I) 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 Secondary Market Area projected at the proposed placed in service date.

(II) Only 25% of the demand calculated in subclause (I) of this clause may be included in the calculation of demand as described in paragraph(10)(D) of this subsection and for use in calculation of inclusive capture rate as described in paragraph (10)(E) of this subsection. In addition, 25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate.

(v) 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) - (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 Rent~~s~~~~Market Rents~~ or Restricted Market Rent~~subsidized rent~~ 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) of this title.

(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~~suggests 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 applicable to the subject Development discussed in paragraph (9)(E)(ii) - ~~(iv)~~(v) of this subsection. State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - ~~(iv)~~(v) 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)~~49.9(d)(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. Appraisals~~ . An appraisal prepared for the Department must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.~~ Self-contained reports must~~

(b) Self-Contained. 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.~~

~~(b) Upon completion of the report, an electronic copy should be transmitted to TDHCA, and an original hard copy must be submitted.~~

_(c) ~~Value Estimates.~~

~~(1) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables.~~

~~(2) Appraisal assignments for new construction are required to provide an "as completed" value of the proposed structures. These reports shall provide an "as restricted with favorable financing" value as well as an "unrestricted market" value.~~

~~(3) Reports on Properties to be rehabilitated shall address the "as restricted with favorable financing" value as well as both an "as is" value and an "as completed" value.~~

~~(4) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. This separate assessment may be required because their economic life may be shorter than the real estate improvements and may require different lending or underwriting considerations. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.~~

~~(d) Date of Appraisal. The appraisal report must be dated and signed by the appraiser who inspected the property. The date of valuation should not be more than six months prior to the date of application to the Department unless the Department's program rules indicate otherwise.~~

~~(e)~~ Appraiser Qualifications. The qualifications of each appraiser are determined ~~and approved~~ on a case-by-case basis by the Director of Real Estate Analysis or review appraiser, based upon the quality of the report itself and the experience and educational background of the appraiser~~, as set forth in the Statement of Qualifications appended to the appraisal.~~. At minimum, a qualified appraiser must be appropriately certified or licensed ~~for the type of appraisal being performed~~ by the Texas Appraiser Licensing and Certification Board.

~~(f~~(d) Appraisal Contents. An appraisal prepared for the Department must be organized in a format that follows a logical 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 (18~~- (12) of this subsection.

(1) Title Page. Include ~~identification as to the type of appraisal submitted (e.g., type of process--complete or limited, type of report--self-contained, summary or restricted), property address and/or location, housing type,~~a statement identifying the Department ~~addressed~~ as the client~~ or acknowledgement that THDCA~~ , acknowledging that the Department is granted full authority to rely on the findings of the report, ~~effective date of value estimate(s), date of report,~~ and name and address of person authorizing report~~, and name and address of appraiser(s).~~
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(2) Letter of Transmittal. Include ~~date of letter, property address and/or location, description of property type, extraordinary/special assumptions or limiting conditions that were approved by person authorizing the assignment, statement as to function of the report, statement of property interest being appraised, statement as to appraisal process (complete or limited), statement as to reporting option (self-contained, summary or restricted),~~ reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, ~~identification~~tax assessor's parcel number(s) of ~~type(s) of value(s) estimated (e.g., market value, leased fee value, as-financed value, etc.)~~the site, 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.~~

~~(6)~~ Disclosure of Competency. Include appraiser's qualifications, detailing education and experience~~, as discussed in subsection (e) of this section.~~

~~(7) Identification of the Property. Provide a statement to acquaint the reader with the property. Real estate being appraised must be fully identified and described by street address, tax assessor's parcel number(s), and Development characteristics. Include a full, complete, legible, and concise legal description.~~

~~(8.~~

(5) Statement of Ownership of the Subject Property. Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report.

~~(9) Purpose and Function of the Appraisal. Provide a brief comment stating the purpose of the appraisal and a statement citing the function of the report.~~

~~(A~~(6) Property Rights Appraised. Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

~~(B) Definition of Value Premise. One or more types of value (e.g., "as is," "as if," "prospective market value") may be required. Definitions corresponding to the appropriate value must be included with the source cited.~~

~~(10) Scope of the Appraisal. Address and summarize the methods and sources used in the valuation process. Describes the process of collecting, confirming, and reporting the data used in the assignment.~~

~~(11) Regional Area Data. Provide a general description of the geographic location and demographic data and analysis of the regional area. A map of the regional area with the subject identified is requested, but not required.~~

~~(12) Neighborhood Data. Provide a specific description of the subject's geographical location and specific demographic data and an analysis of the neighborhood. A summary of the neighborhood trends, future Development, and economic viability of the specific area should be addressed. A map with the neighborhood boundaries and the subject identified must be included.~~

~~(13~~(7) Site/Improvement Description. Discuss the site characteristics including subparagraphs (A) ~~through (F~~- (E) of this paragraph.

(A) Physical Site Characteristics. Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

(B) Floodplain. Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.

(C) Zoning. Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of Development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the ~~Highest and Best Use~~highest and best use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. A zoning map should be included.

(D) Description of Improvements. Provide a thorough description and analysis of the improvements including size (net rentable area, gross building area, etc.), number of stories, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

~~(E) Fair Housing.~~(E) Environmental Hazards. It is recognized appraisers are not ~~an expert~~experts in such matters and the impact of such deficiencies may not be quantified; however~~, the report should disclose any potential violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and/or report any accommodations (e.g., wheelchair ramps, handicap parking spaces, etc.) which have been performed to the property or may need to be performed.~~

~~(F) Environmental Hazards. It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however,~~; the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection.

~~(14~~(8) Highest and Best Use. Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider paragraph (~~13~~7)(A) ~~through (F~~- (E) 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~~It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are ~~three recognized appraisal approaches to~~ considered in valuing ~~most properties. It is mandatory that all three approaches are considered in valuing~~ the property~~ unless specifically instructed by the Department to ignore one or more of the approaches; or unless reasonable appraisers would agree that use of an approach is not applicable.~~. If an approach is not applicable to a particular property~~,~~ ~~then omission of such approach must be fully and adequately explained.~~ an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable.

(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.~~

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(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 current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) ~~Minimum content of the sales~~ Sales information should include address, legal description, tax assessor's parcel number(s), ~~sale~~ 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.

(II) Net Operating Income/Unit of Comparison. The ~~appraiser(s) reasoning and thought process must be explained.~~

~~(II) Potential Gross Income/Effective Gross Income Analysis. If used in the report, this method of analysis must clearly indicate the income statistics for the comparables. Consistency in the method for which such economically statistical data was derived should be applied throughout the analysis. At least one other method should accompany this method of analysis.~~

~~(III) NOI/Unit of Comparison. If used in the report, the net~~ 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 ~~comparable~~ 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. A~~and a statement as to whether or not any delinquent taxes exist~~ should be included.~~

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(v) Capitalization. ~~Several~~ The appraiser should present the capitalization method~~s may be utilized in the Income Approach. The appraiser should present the method~~(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) Direct Capitalization. The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) Yield Capitalization (Discounted Cash Flow Analysis). This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

~~(16)~~(10) Value Estimates. 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.~~

~~(17~~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.

(11) 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.

~~(18~~(12) Photographs. Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

~~(g~~

(e) Additional Appraisal Concerns. The appraiser(s) must ~~recognize and~~ be aware of ~~the particular TDHCA~~Department program rules and guidelines and ~~their relationship~~ the appraisal must include analysis of any impact 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).~~E1527-05). 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;~~

~~(5) State~~(4) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for asbestos containing materials (ACMs) would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

~~(6) State~~(5) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for Lead Based Paint would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

~~(7~~(6) 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

~~(8~~solder in existing improvements; and

(7) Assess the potential for the presence of Radon on the property, and recommend specific testing if necessary.

(c) If the report recommends further studies or establishes that environmental hazards currently exist on the Property, or are originating off-site but would nonetheless affect the Property, the Development Owner must act on such a recommendation or provide a plan for either the abatement or elimination of the hazard. Evidence of action or a plan for the abatement or elimination of the hazard must be presented upon Application submittal.

(d~~) For Developments which have had a Phase II Environmental Assessment performed and hazards identified, the Development Owner is required to maintain a copy of said assessment on site available for review by all persons which either occupy the Development or are applying for tenancy.~~

~~(e~~) For Developments in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development, the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

~~(f~~(e) 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~~15 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~~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~~title; 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~~title 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.

Comment Source Reference

Tab #	Organization
1	Texas Affiliation of Affordable Housing Providers (TAAHP), Diana McIver
4	Texas United Independent Developers Association, Eric Opiela
5	Tekoa Partners, Ltd, William J Lee
13	Winston Sullivan, Individual
19	Gary Kersch, Individual
24	Solutions Plus, Mike Sugrue
26	Patrick Barbolla, Individual
27	Dennis Hoover, Individual
31	Tropicana Properties, Bobby Bowling
38	Youngs Company, Don Youngs
40	O'Connor and Associates, Craig Young
42	Donna Housing Finance Corporation, Liz Hernandez and Bob Gonzales
43	McAllen Housing Authority, Jose A Saenz
44	Odyssey Residential Holdings, LP, Bill Fisher
45	Edinburg Housing Authority, Estella L. Trevino
46	Corpus Christi Housing Authority, Eva Shults
47	Pharr Housing Authority, Roy Navarro
48	Weslaco Housing Authority, Ruben Sepulveda
49	Beaumont Housing Authority, Robert L. Reyna
50	Pharr Housing Development Corporation, Fernando Lopez
51	Flores Residential, Apolonio Flores
52	Community Development Corporation of South Texas, Robert A Calvillo
53	Texarkana Housing Authority, Richard Herrington, Jr
54	Texas Association of Community Development Corporations (TACDC), Matt Hull
61	Jose Menendez, State Representative, District 124
62	Michael Hartman, Individual
63	Akanai Investments, Inc, Uwe Nahuina
64	Hogan Real Estate, Inc, Michael Hogan
66	Apartment Market Data, Darrell Jack
67	Ed Ipser, Individual
68	Jeff Spicer, Individual

TDHCA 2007 DRAFT REAL ESTATE ANALYSIS RULES
SUMMARY OF CONSENSUS COMMENTS OF TAAHP MEMBERSHIP

At TAAHP's membership meeting discussing the 2007 Real Estate Rules, it was the consensus of those participating that TDHCA should revert to the 2006 Rules. The proposed rules for 2007 make changes which negatively impact the ability of TDHCA to effectively put affordable housing on the ground. The TDHCA Board should re-adopt the 2006 REA rules, which while not perfect, do not destroy the viability of the LIHTC Program. If TDHCA reverts to the 2006 rules, only one change is recommended, as follows:

Section 1.32 Underwriting

(e)(3) Site Work Costs. If the Applicant's site work costs exceed $7,500 per unit, then the Applicant has to pay an engineer or architect to provide detail to support these costs and pay an accountant to attest as to which of those should be in eligible basis. This $7,500 per unit threshold was first put in place with the 2003 Real Estate rules. Site costs have increased dramatically and it is time to raise this limit. TAAHP requests $10,000 per unit, as a more appropriate number.

If TDHCA continues forward with the 2007 Draft REA Guidelines, TAAHP requests the following changes, in addition to the Site Work Cost recommendation above:

Section 1.32 Underwriting

(i)(1)(A)(ii) and (B)(ii) – the QAP mandates that certain maximum percentages apply to each unit type. Therefore, we cannot always fit our unit mix to match demand by unit type. Therefore, if the rule on Ineligible Building Types is not changed, then these provisions need to be eliminated, as the two rules are in conflict. Further, it has been proven that Applicants with all 3 bedroom and/or a mix of 3 and 4 bedroom units works and has actually rented up and been very feasible. None of these would be built under this new rule. Reducing Inclusive Capture Rates for Rural and Elderly from 100% to 50% will negatively impact the ability of projects to be built in these categories, effectively negating the statutory set-asides.

(i)(2), Restricted Market Rent – as explained at the 2007 QAP roundtable, the overall election of 40% of the units being at 60% or less of AMI has nothing to do with actual rents. This election is to ensure that the units will qualify for tax credits, and every deal in the country elects 40/60 no matter what the actual rents are. You underwrite the development at the lesser of (i) the maximum tax credit rents, or (ii) 90% of the market rents. Just because you elect 60% AMI and are charging 40% AMI rents does not in and of itself make a deal unfeasible. This provision needs to be deleted. This change will make virtually every application in the Austin region infeasible.

(i)(3), Initial Feasibility – this rule is not supported by fact. Just because the projected operating expenses are greater than 65% of income does not in and of itself make a deal unfeasible. This provision needs to be eliminated.

Section 1.33 Market Analysis.

Inclusive Capture Rate. In Provision 1.33, delete all references to demand and capture rate by unit type (1.33(d)(9)(E), (10)(D) and (10)(E)) and revert to the language for demand and capture rate found in the 2006 rule. This is to be consistent with the elimination of Provisions 1.32(i)(1)(A)(ii) and (B)(ii).

Section 1.36 Property Condition Assessment Guidelines.

Section (4)(C) adds language which increases the minimum term that PCAs are required to 30 years. PCAs are not only an additional unfunded cost burden on applicants, but are additionally only required of rehab deals. PCAs are of little use to the Department as is, and extending the term to 30 years makes them even less helpful. If the PCA would be limited to the anticipated repairs for the next 15 years, then one could justify the distinction between rehab and new construction.

The following is a list of all electronic "signatures" in support of the TAAHP 2007 Real Estate Analysis Consensus Document.

Robert H. (Bob) Sherman
SBG Development Services, L. P.

Michael Hartman
1370 Taurus Court

BRENT STEWART
Trammell Crow Residential

Dan Markson,
The NRP Group, San Antonio, TX

Jeffrey S. Spicer

State Street Housing Advisors, L.P.

Bert Magill
San Jacinto Realty Services, LLC

Joe Chamy
Chamy Investments

Bill Encinas
The Encinas Group

Barry Palmer

COATS | ROSE
A Professional Corporation

Sarah Anderson

S. Anderson Consulting

Ike J. Monty
Investment Builders, Inc.

Jim Johnson

Director of Downtown Development / TIF District

Downtown Fort Worth, Inc.

Naomi C. Walker
Executive Director
Georgetown Housing Authority

Philip A. Melton

Director

Collateral Real Estate Capital, LLC

Diana McIver, President
DMA Development Company, LLC

Sandra J. Williams

Executive Director

Alamo Area Mutual Housing Assoc.

Jerry Wright
Capmark Securities Inc.

Sally Gaskin
SGI Ventures

Edwina Carrington
Reznick Group

Mike Clark
Alpha-Barnes Real Estate Services

Tom Scott
Coach Realty

Granger MacDonald
MacDonald Companies

The following is a list of all electronic "signatures" in support of the TAAHP 2007 Real Estate Analysis Consensus Document.

Diana McIver, President
DMA Development Company, LLC

Jerry Wright
Capmark Securities Inc.

Dick Kilday
Kilday Realty

 4

Lisa Vecchietti

From: Robbye Meyer [robbye.meyer@tdhca.state.tx.us]

Sent: Tuesday, October 03, 2006 8:08 AM

To: 'Jennifer Joyce'; Audrey Martin; 'Steve Schottman'; Tom Gouris; 'Brenda Hull'; 'Lisa Vecchietti'

Subject: FW: QAP discussion document

Here is some written comment for the QAP, RAF and REA rules

Robbye G. Meyer
Director of Multifamily Finance
(512) 475-2213 (voice)
(512) 475-0764 (fax)

-----Original Message-----
From: Eric Opiela [mailto:eopiela@ericopiela.com]
Sent: Monday, September 25, 2006 1:15 PM
To: ashaw@taahp.org
Subject: QAP discussion document

Andrea, Just in case you didn't have it, I'd like to submit the attached to be included in the discussion documents for Friday's roundtable.

Eric

hold units open for special needs from 12 to 24 months. This decreases financial feasibility by mandating two years of vacant units which could otherwise be filled, and the 2006 12 month hold-time language should be restored.

Proposed 2007 Real Estate Analysis Rules

1. **Adopt the 2006 REA Rules.** The proposed rules for 2007 make changes which negatively impact the ability of TDHCA to effectively put affordable housing on the ground. The TDHCA Board should re-adopt the 2006 REA rules, which while imperfect, do not destroy the viability of the LIHTC Program. Barring this, the following changes must be made at a minimum:

2. **REA Rules Should Better Ensure Long-Term Viability.** Provision 1.31(a) states that the Department wants to "ensure the most efficient allocation of resources while promoting and preserving the public interest in ensuring the long-term health of the Department's portfolio." The Department should remember that we are faced with uncertainty on many fronts in developing affordable housing today: rapidly rising construction costs, utility costs, and operating expenses (such as the tripling of insurance rates in coastal counties). In times such as these, the Department should concentrate on the latter part of that quote by building more contingency in to its numbers and allowing for more credits per deal, which would generate more tax credit equity and require less debt, thereby ensuring the long-term health of the Department's portfolio. I would recommend that the Department adopt a rule similar to Michigan which allows a development to automatically apply for up to 5% additional credits in the year of cost certification. For instance, if a development is awarded $600,000 of tax credits by Michigan in 2006, Michigan will allow that development to automatically apply for an additional $30,000 of credits in 2008 if justified by the cost certification and the gap calculation.

3. **Provision 1.32(d)(2)(I), Reserves** – The annual reserve account for new construction should be adjusted to conform to statute, which mandates specific amounts for reserve accounts, and does not allow Department discretion to adjust those amounts. Moreover, this decreases financial feasibility by lowering the NOI available for debt service.

4. **Provision 1.32(d)(3), Net Operating Income** – change to read "If the Year 1 NOI figure...the Applicant's figure is characterized as reasonable and will be used in the Report. If the Year 1 NOI figure provided by the Applicant is not within 5%, then the NOI figure calculated by the Underwriter will be used in the Report." NOI is the bottom line figure used by lenders to size the debt; the components may be different, but if the two NOI figures are within 5%, then the Applicant's NOI should be used.

5. **Provision 1.32(d)(5), Long Term Proforma** – change to read "The Underwriter will create a 15-year operating proforma." This time period is the industry standard used by syndicators and lenders, and all references in the Real Estate Analysis rules to the time period covered by a proforma or projection should be 15 years. The changed rule also mandates a 3% growth of income, and 4% growth of expenses without any justification for these figures. In reality, income is decreasing while expenses are increasing. For example, in Houston, the HUD maximum rents for all affordable unit levels has remained unchanged for three years. And, on top of that, the utility allowances have increased over the same time period. So, the true *effective* rents have actually *decreased* by 3%.

6. **Provision 1.32(d)(5)(A)** – change to read "The base year projection utilized is the NOI determined under Provision 1.32(d)(3)." Change for consistency.

7. **Provision 1.32(e)(3), Site Work Costs** – the $7,500 figure has not been raised in years and should be raised to $10,000 per unit to account for an average 6% inflation for the last five years. As it now stands, everybody puts $7,500 per unit in the site work line item on the TDHCA development cost breakdown and puts the remainder in the construction costs. The syndicators, lenders and tax attorneys are given the real numbers, which average around $9,500 to $10,500 per unit, and they have no problem signing off on those numbers at construction loan and equity closing. However, no one wants to spend the extra money at application time to get the opinions required by TDHCA, so everybody lowers the number to $7,500 per unit. It's a silly game, and it needs to end by TDHCA raising the bar.

8. **Provision 1.32(i)(1)(A)(ii) and (B)(ii)** – the QAP mandates that certain maximum percentages apply to each unit type. Therefore, we cannot always fit our unit mix to match demand by unit type. Therefore, if the rule on Ineligible Building Types is not changed, then these provisions need to be eliminated, as the two rules are in conflict. Further, it has been proven that Applicants with all 3 bedroom and/or a mix of 3 and 4 bedroom units works and has actually rented up and been very feasible. None of these would be built under this new rule. Reducing Inclusive Capture Rates for Rural and Elderly from 100% to 50% will negatively impact the ability of projects to be built in these categories, effectively negating the statutory set-asides. The capture rate changes have the potential to make virtually any project infeasible when you apply the Conine Rule (Max. % of each unit type by number of bedrooms). In addition, these calculations are going to require a significant amount of time to compile, and the cost of the market study will go up significantly. The inclusive capture rate as presently constituted has worked well, so why change a rule that is not broke?

9. **Provision 1.32(i)(2), Restricted Market Rent** – as explained at the 2007 QAP roundtable, the overall election of 40% of the units being at 60% or less of AMI has nothing to do with actual rents. This election is to ensure that the units will qualify for tax credits, and every deal in the country elects 40/60 no matter what the actual rents are. You underwrite the development at the lesser of (i) the maximum tax credit rents, or (ii) 90% of the market rents. Just because you elect 60% AMI and are charging

40% AMI rents does not in and of itself make a deal unfeasible. This provision needs to be deleted. This change will make virtually every application in the Austin region infeasable.

10. **Provision 1.32(i)(3), Initial Feasibility** – this rule is arbitrary and capricious. Just because the projected operating expenses are greater than 65% of income does not in and of itself make a deal unfeasible. This provision needs to be eliminated.

11. **Provision 1.32(i)(5), Exceptions** – this provision needs to be eliminated. First, you don't need (A) if you remove Provision 1.32(i)(2). Second, (B) through (E) favor PHA and RD developments over conventionally financed developments and the Texas statute states that the rules are to be written so that no one type of Applicant shall be favored over another type of Applicant.

12. **Inclusive Capture Rate.** In Provision 1.33, delete all references to demand and capture rate by unit type (1.33(d)(9)(E), (10)(D) and (10)(E)) and revert to the language for demand and capture rate found in the 2006 rule. This is to be consistent with the elimination of Provisions 1.32(i)(1)(A)(ii) and (B)(ii).

13. **Provision 1.33(f)** – change to read "Absent compelling written or other physical evidence to the contrary, the Department shall be bound by the opinion of the Market Analyst." Why are we required to spend $7,000 for a market analysis if the Department can ignore it in their sole and absolute discretion? If there is compelling, documented contradictory evidence (not hearsay), then put the evidence in the Report. This also ignores the statutory mandate in Section 2306.6710, Government Code, requiring that the Department evaluate financial feasibility on the basis of the third-party pro-forma provided with the application.

14. **Property Condition Assessment** – Section 1.36 REA Guidelines adds language which increases the minimum term that PCAs are required to 30 years. PCAs are not only an additional unfunded cost burden on applicants, but are additionally only required of rehab deals. PCAs are of little use to the Department as is, and extending the term to 30 years makes them even less helpful. If the PCA would be limited to the anticipated repairs for the next 15 years, then one could justify the distinction between rehab and new construction. However, if the Department wants a 30 year PCA, then a PCA should also be required for new construction as well. Thus, we recommend in descending order of preference: (1) complete removal of the PCA requirement, (2) require a PCA with estimated costs of repairs over 15 years, or (3) impose PCA requirements on both rehab and new construction if a 30 year period is retained.

(5)

October 18, 2006

Jennifer Joyce
Texas Department of Housing and Community Affairs
Austin, Texas

Re: COMMENTS ON DRAFT 2007 QUALIFIED ALLOCATION PLAN (QAP)

Dear Ms. Joyce:

1. **§49.3(75)** Section 49.3 **[Page 9 of 68]** *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.*

Recommended Change: The second sentence of this definition needs to be revised so that it reads: Multifamily housing developments proposing adaptive re-use or proposing to increase the number of units in the Existing Residential Development are considered Reconstruction. HUD mixed financed housing developments proposing to increase the number of units are considered Reconstruction.

Justification: Reconstruction should not be limited to replacing the exact number of units on or off site. This definition destroys the ability of applicants, particularly nonprofits and Housing Authorities, to qualify for some of the scoring items under the Selection Criteria and their ability to effectively utilize their land that can support additional units in compliance with local building codes. For instance, total demolition of a 100 unit development with a mix of two and three-bedroom units, is going to increase in number of units when one-bedroom units are added to the unit mix.
Obsolete Public Housing that is demolished is replaced with HUD mixed finance housing developments on sites that are underutilized with very low density developments. Housing Authorities and the very low income residents they serve should not be penalized by excluding a mixed finance development proposing to increase the number of demolished units from the definition of Reconstruction as well as their eligibility for QCP scoring.

2. §49.5(a)(8) [Page 12 of 68]- The 3 year rule should apply only to New Construction because it adds units. It should not apply to Reconstruction or Rehabilitation because are replacement or upgrading of existing units.

3. §49.6(e)(4) [Page 15 of 68]- *Limitations on the Size of Developments* for *those Development 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, unless the first phase has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for a least six months.

Recommended Change: This provision should be revised to read ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." "For at lease six months" should be deleted.

Justification: This item prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. Basically, this means that a Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles. This is not an efficient use of land.

Many of these communities are located in areas that are already drastically underserved. A one for one replacement policy does not make sense. The number of units should be governed by the demand proven by the market study.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5) §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

Recommended Change: The time to correct Administrative Deficiencies should remain at five (5) days.

Justification: Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond Developments at five days.

6. **§49.9(d)(6)(B)(ii) [Page 23 of 68]** – *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.*

<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This goes against the overall preference for preserving or rehabilitating existing complexes in Texas, including at-risk developments.

7. **§49.9(h)(4)(A)(ii)(XI) [Page 27 of 68]** – *(XII) Equipped and functioning Business Center (computer and fax machine) 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 (2 points).*

   <u>Recommended Change:</u> Revise to 1 computer for every 25 units, 1 fax machine for every 75 units and 1 printer for every 3 computers.

<u>Justification:</u> It is unlikely that there would be a need for this many machines.

8. §49.9(h)(12) - QCP [Page 36 of 68] – Third Party Legal Opinion for Applicants for Acquisition Credits

   Recommended Change: Delete this requirement.

   Justification: Attorneys are not willing to a hypothetical opinion based on future events.

9. §49.9(i)(2)(A)(iv) - QCP [Page 39 of 68] ***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)).*

   <u>Recommended Change:</u> ". . . Neighborhood organizations include homeowners associations, property owners associations, and residents councils (in which the council is commenting on the Rehabilitation, Reconstruction, or New Construction of the Development within the boundaries of their council). . . ."
   Also, the definition of Reconstruction in §49.3(75) [Page 9 of 68] must be allowed to include HUD mixed finance housing developments exceeding the number of units demolished. Resident Councils letters of support should be allowed to be scored for New Construction too.

   <u>Justification:</u> The 2007 QAP unjustly continues to limit the input of Public Housing Resident Councils by restricting their QCP to Rehabilitation and

Reconstruction of the Development occupied by the residents. The proposed limitation on Resident Councils is not consistent with state statutes. The TDHCA Board and staff have been presented with Fair Housing arguments on the likely unconstitutionality of this limitation. If TDHCA does not correct this unjust and obvious noncompliance with the state statutes and the Fair Housing Act, TDHCA risks a possible request for an opinion from the Texas Attorney General as well as the filing of a fair housing violation complaint with HUD.
The injustice to the low income members of a Resident Council is compounded in the proposed definition of Reconstruction in **§49.3(75) [Page 9 of 68] in** that a Resident Council letter of support will not be considered if a proposed development exceeds the number of units that were demolished.

10. § 49.9(i)(2)(A)(viii) - QCP [Page 40 of 68] *(ixviii) 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 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.*

Recommended Change: This provision has a typo when it states that the organization must certify the boundaries in effect on Dec. 1 are those identified in the letter because the draft QAP does not require the boundaries to be identified.

Justification: The draft of the QAP does not require the letter to state the exact boundaries of the Neighborhood Organization; all that the draft requires is that the Neighborhood Organization state the development is within their boundaries.

11. § 49.9(i)(5) – [Page 42 of 68] *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 sources to substantiate points*

Recommended Change: The draft QAP appears to only allow one source to be considered. This should be revised to allow multiple sources like it did in 2006. Additionally, the dollar amounts for point scoring purposes should be changed back to those amounts used in 2006 because it will be extremely difficult to maximize points under this category if the current QAP levels are used.

Justification: Local Political Subdivisions are not providing financing at the proposed levels and will have a very difficult time in being able to contribute at the proposed levels. This section continues to have serious flaws which allow a developer to receive the same amount of points for a "48-hour loan" as for a permanent grant or donation. The proposed levels favor the very large cities. Also, the draft does not address what will happen if the THDC increase and results in the percentages being reduced.

12. § 49.9(i)(10) – [Page 44 of 68] ***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.*

    Justification: Provides fairness by allowing Reconstruction projects receive 7 points.

13. § 49.9(i)(12) – [Page 45 of 68] *Development Includes the Use of Existing Housing as part of a Community Revitalization Plan.*

    Recommended Change: Once again, the definition of Reconstruction in §49.3(75) [Page 9 of 68] must be revised to include HUD mixed finance developments.

    Justification: Without a change to the definition of Reconstruction, applicants will not be able to fully utilize their site in accordance with the density allowed by the local building code

14. § 49.9(i)(16) – [Page 46 of 68] ***Demonstration of Community Support other than Quantifiable Community Participation:*** *If an Applicant correctly certifies to the Department that there are no neighborhood organizations that meet the Department's definition of Neighborhood Organization pursuant to paragraph (2) of this subsection and 12 points were awarded under paragraph (2) of this subsection, then that Applicant may receive two points for each letter of support submitted from a community or civic organization that serves the community in which the site is located. Letters of support must identify the specific Development and must state support of the specific Development at the proposed location. The community or civic organization must provide some documentation of its existence in the community to include, but not be limited to, listing of services and/or members, brochures, annual reports, etc. Letters of support from organizations that are not active in the area that includes the location of the Development will not be counted. For purposes of this item, community and civic organizations do not include neighborhood organizations, governmental entities, taxing entities or educational activities. Letters of support received after March 1, 2007, will not be accepted for this item. Two points will be awarded for each letter of support, not to exceed 7 points. Should an Applicant elect this option and the Application receives letters in opposition, then two points will be subtracted from the score for each letter in opposition, provided that the letter is from an*

organization serving the community. At no time will the Application, however, receive a score lower than zero for this item.

Recommended Change: The way this new provision is drafted prevents the applicant from being able to earn these points if a neighborhood organization submits a letter of support but is determined by TDHCA to not count for some reason. Applicants should be able to submit both QCP letters and these types of letters but only the QCP letters will count if they can be scored. If the QCP letters do not count, then an applicant should be able to earn these points.

Justification: Applicants should not have to gamble on which route to go in terms of deciding whether to go with a neighborhood organization that may or may not be able to submit a scoring letter.

15. § 49.9(j)(1)(A) – [Page 42 of 68] *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 tiebreaker over Applications involving solely New Construction.

Justification: Provides fairness

16. **§49.9(i)(3) [Page 41 of 68]** – ***The Income Levels of Tenants of the Development.*** *Applications may qualify to receive up to 22points 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.*

<u>Recommended Change:</u> Delete "Households receiving any Section 8 voucher rental subsidies, Tenant Based Rental Assistance (TBRA), or similar rental assistance may not occupy the Units designed 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".***

<u>Justification:</u> Violates Fair Housing laws by discriminating against renters with vouchers and other rental assistance. The proposed exclusion excludes very low income renters from access to quality affordable housing and send them to lesser quality housing in impacted neighborhood. May also violate Section 42 of the IRC by denying occupancy to voucher holders and renters with other rental assistance. This ill advised provision also prohibits Public Housing Operating Subsidy from the units. It is not only ill advised and a violation of Fair Housing laws and the IRC, it is highly offensive.

17. **§49.9(i)(15) [Page 46 of 68]** – Exurban Developments

    <u>Recommended Change:</u> Reinstate the provision from the 2006 QAP.

    <u>Justification:</u> Allows Housing Authorities to meet the Federal requirement to leverage their Capital Fund. Reinstates fairness.

18. **§49.9(i)(25) [Page 49 of 68]** - Leveraging of Private, State, and Federal Resources

<u>Recommended Change:</u> Revise to show ". . . including HOPE VI and Capital Fund. . . ." and provide an exception for funds being provided y a Housing Authority that may also be the applicant.

Justification: HOPE VI funding is very limited and very few Housing Authorities have HOPE VI Programs. The Capital Fund is the main source of capital financing for Housing Authorities.

For Tekoa Partners, Ltd.

William J. Lee
Vice President of General Partner.

DRAFT COMMENTS 2007 QAP

1. Permit related party entities who are qualified developer/owners to receive acquisition credits and developer fees in the same amount as non-related parties for low income housing preservation transfers and rehabilitation of existing eligible USDA Texas RD financed properties.

Qualified Developer/Owners would be required to be in compliance with TDHCA regulations, and would have adequate experience in the development and management of housing tax credit properties.

2. Allow 7 points for eligible Rural Set Aside Properties located in cities whose population is less than 5000 (2000 census) and are not located within an MSA or SMSA.

3. Allow 7 points for eligible Rural Set Aside properties located in cities who have not received a tax credit award in at least 10 years.

-----Original Message-----
From: Dennis Hoover [mailto:DennisHoover@hamiltonvalley.com]
Sent: Wednesday, October 18, 2006 11:17 AM
To: Jennifer Joyce; Tom Gouris
Cc: RRHA of Texas; njohnson@hot.rr.com; Pat Barbolla; Mike Sugrue
Subject: FW: Sullivan QAP comments related parties and rural issues

Jenn,
This attachment is from Winston Sullivan. I agree with all three of Winston's comments.

The first comment is in regard to acquisition developer fees in related party transactions. There are about 700 existing multi-family properties in the RD portfolio. Probably 50% of these need a transfer/rehab to an interested owner/manager. Many of these properties are 20 years old, owned by "mom & pop" small town owners/builders that are at retirement age now. Almost all of these RD properties are in towns that badly need this housing. These properties are hard to work out. I'm doing three now that I've been working on constantly since late 2004 and we've only got one to close and start rehab. The deals are difficult to do, having to deal with RD, TDHCA-HOME, and the existing syndicator limited partners. I'm doing two that are 3rd party acquisitions and one that is a related party Identity of Interest. There is very little difference between a related party to a non-related party in the amount of work involved on the acquisition. These deals are so small and difficult to do that they need any help they can get. This is evidenced by the fact that in the regular 2007 application cycle there was only one application (from Joe Chamy) to do one of these acquisition/rehabs. **TDHCA should, on related party transactions, allowing verified acquisition overhead and expenses into basis.**

From: WINSTON SULLIVAN [mailto:winsullivan@msn.com]
Sent: Monday, October 16, 2006 5:00 PM
To: Dennis Hoover; Jim Fieser; Gary Kersch; Patrick Barbolla
Subject: Sullivan QAP comments related parties and rural issues

Gentlemen,

Let me have your comments/criticism of the attached. This does not have to be a part of the rrha official comments unless you guys agree that they should.

CITY OF HOUSTON
CONCENTRATION POLICY
FOR AFFORDABLE MULTI-FAMILY HOUSING

Background:
The City of Houston ("City") acknowledges the need to establish standards designed to limit or mitigate the concentration of new multi-family units it finances or sponsors within its borders. It is recognized that over concentration has a damaging and costly effect on neighborhoods and the City as a whole. At the same time the City recognizes the need for increasing the stock of affordable housing for its low to moderate income citizens.

Policy Objective:
The primary objectives of the City's Concentration Policy are to 1) encourage site selection of new or planned projects away from areas of existing concentration, 2) encourage renovation of older or substandard projects and the rebuilding and revitalizing of distressed neighborhoods and communities, 3) protect economic viability of all affordable multi-family housing in the City, and 4) incorporate the policy objectives in the City's Consolidated Plan.

Policy Provisions:
Applications for financing through a City or City related entity for proposed new developments are subject to review. Applications will be evaluated according to threshold criteria for concentration as listed below:

1) Compliance with applicable TDHCA concentration and site requirements (tax credit applications only).
2) The number of existing multi-family units (regardless of how financed) within a 1 mile radius of the proposed site shall not exceed 4,500 units.
3) The proximity to the closest, non-stabilized tax credit or Federally Subsidized Rent Regulated (FSRR) may not be less than 1,500 feet.
4) The average physical occupancy of the "B" product or better in the sub-market of the proposed project may not be less than 87%.
5) The density of the proposed project may not exceed 25 units per acre for garden style projects of 3 stories or less. Projects greater than 3 stories will be evaluated on a case by case basis.
6) Neighborhood input will be solicited.

Administration
The mayor of the City of Houston will designate a committee to be responsible for implementation and decisions for all matters relating to this policy. Approval of compliance with this policy shall be a pre-requisite of any of the following actions potentially considered by the City's Housing and Community Development Department, the Houston Housing Authority, Victory Street Public Facility Corporation, the Houston Housing Finance Corporation or any of the above entities' affiliates as they relate to multi-family applications.

1) Approval or issuance of letters of consistency with the City's Consolidated Plan;
2) Bond inducement resolutions;
3) Conditional commitment letters;
4) Loan or grant commitments;
5) Letters of project support or opposition.

The designated committee shall be authorized to consider waivers to this policy at its discretion based on mitigating conditions.

The designated committee shall be responsible for establishing its procedures and process, and for communicating the policy to the affordable housing industry, relevant community groups and all other interested parties.

Jen,
Please consider these comments for the QAP you are working on

1. I propose the following change to section 49.7(a) Regional Allocation Formula---(page 16 of 68). This change would make clear that any type of additional financing of a rehab or acquisition rehab of an existing 515, if it retains the 515 loan and restrictions, is eligible for the 515 set-aside. My proposed change is in **bold.**

"**New Construction** Developments financed through TX-USDA-RHS's 538 Guaranteed Rural Rental Housing Program will not be considered under this set-aside. **Any rehab or acquisition/rehab of an existing 515 development that retain the 515 loan and restrictions, regardless of the source or nature of additional financing, will be considered under this set-aside.**"

2. Section 49.9(d)(6)(B)(ii)------(page 23 of 68) We were told by TDHCA staff in the Corpus Christi public meeting that the language in this paragraph limiting acquisition developer fees only to Tax Exempt Bond Developments and Rehab developer fees limited only to Competitive Housing Tax Credit Developments, is incorrect, was not intended by the Department and will be changed to allow developer fees. If this assumption is incorrect, then our comment is to restore these developer fees.

Comments on the Proposed 2007 REA Rules:
Section 1.32 Underwriting Rules and Guidelines, paragraph (e)(7) Developer Fee.(B)9(ii) Replace the existing language that prohibits Developer Fees with this: "**Developer expenses directly related to acquisition activities are allowable in Eligible Basis.**"

In His service,
Gary L. Kersch <*(()))><
garyk@doublekaye.com
(512) 331-5173x3 wk
Austin, TX.

(24)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSOLIDATED PUBLIC HEARING

900 North Shoreline Blvd.
Corpus Christi, Texas

September 21, 2006
3:50 p.m.

BEFORE:

ERIN FERRIS, TDHCA Housing Specialist

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC,
Executive Vice President
ROBBYE MEYER, TDHCA Director of Multi-Family
Finance
PATRICIA MURPHY
LISA VECCHIETTI

different regions -- whether you're talking about the lower Rio Grande Valley or Central or North Texas. So we'll have to learn to adjust these things a little bit but we do need some method of being able to include people from outside the immediate, primary, and secondary market area, from home ownership, and from living with family.

And home ownership and living with family also go from the immediate area to the out-of-state and beyond the secondary market area. So we need some way for the definitions to be open to include that in the demand analysis.

MS. FERRIS: Thank you very much for you comments. Is there further comment on this? Mr. Sugrue?

MR. SUGRUE: Thank you so much. You are calling me by my name. I want to make comment about the feasibility of properties that cannot obtain full low-income housing tax credit rents.

In many rural communities, that's impossible. That means you're red-lining these communities. Can't be done and also, since they didn't address it, the capture rate, 50 percent in rural communities, is a little too low as well. We need to find some happy medium in there also. Thank you.

MS. FERRIS: Thank you for your comments. Mr.

Jen,
Please see below as my comment. If RRHA has formal comments, other than supporting TAAHP's comments, we will forward them in the AM.

Mike Sugrue
Solutions Plus, Inc.
1302 S 3rd St., Suite 105
Mabank, TX 75147
903.887.4344
903.887.4355-Fax
903.340.1766-Mobile

From: msugrue@hotmail.com
To: office@rrhatx.com
Subject: QAP Comment
Date: Tue, 17 Oct 2006 10:36:27 -0500

I think that the RRHA Board should take a position opposing Section 49.9(i)(17). This is new for this year's QAP and will make many rural applications non competitive, after the rural set aside is filled. **Rural deals will not be able to compete with non-rural deals**. Many rural towns have only one census tract and many others only two. If the census tract containing the bulk of the population has **ever** had a tax credit deal, (which could include 515 w/ credits), the potential deal would need to be moved to another census tract, if available, even if the tract only includes ranches, farms, cows and horses. Just because we build it, they may not come.
A suggested solution would be a 3, 5 or 10 year limitation for previous developments. While we do not want to hurt existing properties' occupancy, the market study should determine if there is sufficient demand for another property, not the fact that a property exists already.
This has legislative roots, so we will have to change this in the up coming session, however, I don't think the intent is to force deals to other census tracts regardless of demand. I believe that the Agency has some flexibility here.

Mike Sugrue
Solutions Plus, Inc.
1302 S 3rd St., Suite 105
Mabank, TX 75147
903.887.4344
903.887.4355-Fax
903.340.1766-Mobile

Jen,

I support Dennis's comments and will forward another.

Mike Sugrue
Solutions Plus, Inc.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSOLIDATED PUBLIC HEARING

900 North Shoreline Blvd.
Corpus Christi, Texas

September 21, 2006
3:50 p.m.

BEFORE:

ERIN FERRIS, TDHCA Housing Specialist

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC, Executive Vice President
ROBBYE MEYER, TDHCA Director of Multi-Family Finance
PATRICIA MURPHY
LISA VECCHIETTI

that cannot be obtained. If we can't obtain it, we can't submit the application. We'll be in deficiency and our application will be terminated.

There's a couple of other little things that would also have a problem. Property condition assessment, on Page 37, that states a property condition assessment for a rehab property must be dated within 90 days of submitting the application. It previously was six months.

On this regard, I think we should go back to the six month date because if not, we're going to have to get two property condition assessments, one when we start analyzing the proposed acquisition and then redo it again within the 90 day limit. That's not going to be very helpful and it's just impossible. It's running up the cost for no good purpose. I guess the final two points within my three minutes, I'd like to address your--

MS. FERRIS: You're at two.

MR. BARBOLLA: Okay. Page 41, the scoring on points for low-income units. I agree that points should be given for having units that are income-level qualified. But to say that someone that really has worked hard and have gone out and have obtained rental assistance for those units, they can't score. They're barred. It seems like the most logical thing if someone's saying, "I'm

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSOLIDATED PUBLIC HEARING

900 North Shoreline Blvd.
Corpus Christi, Texas

September 21, 2006
3:50 p.m.

BEFORE:

ERIN FERRIS, TDHCA Housing Specialist

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC,
Executive Vice President
ROBBYE MEYER, TDHCA Director of Multi-Family
Finance
PATRICIA MURPHY
LISA VECCHIETTI

Barbolla?

MR. BARBOLLA: Yes. My name is Patrick Barbolla, Fort Worth, Texas. I have four comments on the Real Estate Analysis rules.

First, I think the Department for changing the requirement of doing a -- changing the requirement for a 30-year pro forma down to a 20-year. It would be better to go to a 15 but that's some improvement.

Again, I have a concern on Page 10 about the developer fee for properties. It's again not allowing a developer fee on acquisition credit.

I also have a problem on the definition of initial feasibility. It's on Pages 12 and 13 of the rules and it's Section 1.32(I). There is a requirement in there that if you read through it that it appears that a property would be deemed automatically infeasible if the operating expenses were greater than 65 percent of the adjusted -- net operating income.

That may seem a good idea until you realize, what if someone goes out and acquires grants, low-interest loans to do the development and uses equity proceeds so that they are able to lower their rents?

For example, they can -- if you went to the market under normal deal and borrowed money, say $1 million at 30 years at 5 percent interest, your rents would have to $400 a month. If someone would go out and do substantial equity in grants, where they would say only need to borrow $1 million at 1 percent interest, then you put that in there and lower your rents so that you're not making an exorbitant profits.

It's very possible that the net operating income -- the operating expenses will exceed 65 percent of your adjusted net operating income, which would deem that you're automatically infeasible.

I think that needs to be really -- for the Department to think it through about what you're trying to do. If we're trying to make affordable housing, you should actually encourage people to have lower rents so that we can effectively have marketable units to people that need it the most.

But what you're doing is making it not feasible automatically. So the ones that are most affordable are not going to be deemed feasible by the Department. I have a serious problem with that.

The next one is property condition assessment. Again, it states that it must be property condition assessment to determine the needs of rehab of the property over the next 30 years. Well, first, you're only looking at a pro forma for 20 years, and we all know that over 30 years even a new construction is going to have a substantial amount of repair need.

Why are we doing this just we rehab and not new construction? If you're using it to determine the reserve amount, surely you would do it for new construction also because within 30 --

MS. FERRIS: Thirty seconds.

MR. BARBOLLA: Okay. Within 30 years, all the appliances, all mechanical systems, definitely the roof, are going to need to be replaced. I think it's discriminatory towards rehab construction and we should be treating them both the same. And thank you for your time.

MS. FERRIS: Thank you very much.

AUDIENCE: [indiscernible]

MS. FERRIS: Thank you for your participation. Is there further comment on that item?

(No response.)

MS. FERRIS: The next item that we will discuss is the Energy Assistance Program rules. I believe that I'm going to put these together and then we can comment on any of the ones that fall under neath it. There are two separate programs, so overall these rules cover activities under the Comprehensive Energy Assistance Program and the

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSOLIDATED PUBLIC HEARING

900 North Shoreline Blvd.
Corpus Christi, Texas

September 21, 2006
3:50 p.m.

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ERIN FERRIS, TDHCA Housing Specialist

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
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PATRICIA MURPHY
LISA VECCHIETTI

that you may want and see if they will accept it. Then you wouldn't need to amend and go into regulation form something that is lending agencies away from each other instead of working jointly together to better housing in Texas. Thank you for your time.

MS. FERRIS: Thank you very much for your comments on this item again. Is there further comment on this particular issue? Great.

MR. HOOVER: My name is Dennis Hoover and on Page 23, the developer fee issue of an acquisition development fee is being denied. I think that for our properties -- being the rural development properties that need acquisition and rehab that's one more nail in the coffin for these little properties.

The smallest of the deal dictates that we need everything that we can -- every item that we can get our hands on to use to make these deals doable. I agree that if it's a $10 or $15 million deal that those fees probably should be reduced some how but when we're looking at some of these five or $600,000 acquisitions, that is a tool that we need.

Nobody's doing these deals anyway. Only one was done this year out of -- there's probably 400 in the state, maybe 500, that need to be done. Only one was done. They're very difficult to do and very expensive and we need every tool that we can get our hands on to do it.

MS. FERRIS: Thank you very much for your comments.

MR. JOHNSON: Can I comment again? Sox Johnson with Rural Rental Housing. On this issue that Pat brought up about the inspections of the property, I don't know how to do that. Of course, there's additional cost. If it goes through TDHCA, they're going to have to pay fees with that. With USDA, they may or may not have been paying depending on USDA. They used to do the inspections themselves but they may be going out.

I know there have been some discussions between some of the leadership between the two agencies, so I'm simply suggesting at this time you consider leaving it like it is until you can pursue your deals and decide what you're going to do. Some of our people I know would much prefer it go to TDHCA to do it. Some of it would prefer that it stay with USDA and a lot of that has to do with personalities. I know that so I'm suggesting in view of that don't change something until you've gotten a little farther down the pike.

MS. FERRIS: Thank you for your comments. Further comment on this issue?

Jenn,
These are comments I will propose to RRHA, so right now they're just my comments. Call if you have any questions. Thanks.

Comments on the QAP:

1. I propose the following change to section 49.7(a) Regional Allocation Formula---(page 16 of 68). This change would make clear that any type of additional financing of a rehab or acquisition rehab of an existing 515, if it retains the 515 loan and restrictions, is eligible for the 515 set-aside. My proposed change is in **bold.**

"**New Construction** Developments financed through TX-USDA-RHS's 538 Guaranteed Rural Rental Housing Program will not be considered under this set-aside. **Any rehab or acquisition/rehab of an existing 515 development that retain the 515 loan and restrictions, regardless of the source or nature of additional financing, will be considered under this set-aside.**"

2. Section 49.9(d)(6)(B)(ii)------(page 23 of 68) We were told by TDHCA staff in the Corpus Christi public meeting that the language in this paragraph limiting acquisition developer fees only to Tax Exempt Bond Developments and Rehab developer fees limited only to Competitive Housing Tax Credit Developments, is incorrect, was not intended by the Department and will be changed to allow developer fees. If this assumption is incorrect, then our comment is to restore these developer fees.

Comments on the Proposed 2007 REA Rules:

Section 1.32 Underwriting Rules and Guidelines, paragraph (e)(7) Developer Fee.(B)9(ii) Replace the existing language that prohibits Developer Fees on Identity of Interest developments with this: **"Developer expenses directly related to acquisition activities are allowable in Eligible Basis."**

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From: Jennifer Joyce [mailto:jennifer.joyce@tdhca.state.tx.us]
Sent: Tuesday, October 17, 2006 1:16 PM
To: Dennis Hoover
Subject: RE:

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TROPICANA BUILDING CORPORATION

4655 COHEN AVE • 915-821-3550 • EL PASO, TEXAS 79924

October 18, 2006

Jennifer Joyce
TDHCA
VIA e-mail

RE: COMMENTS ON PROPOSED 2007 QAP AND PROPOSED 2007 UNDERWRITNG RULES

Dear Jen,

Following are our comments on the Draft 2007 QAP:

1. 49.3(5)(A): The words *"the greater of"* were crossed out, however I believe this is a typo. It stands to reason that the APR would be the greater of the 2 options listed.

2. 49.3(30): The word *"exceed"* was deleted unintentionally I believe.

3. 49.3(52)(E) and (G): This language is very confusing regarding 4 bedroom units. We suggest that another item be added to the list in Paragraph G that clarifies that up to 5% of the units may be 4 bedrooms, if this is still the intent of the language in this section.

4. 49.9(d)(5)(C): We strongly support the change in this paragraph, allowing unused funds in a sub-region to stay within its same region first, before being re-allocated to another region. We believe that this language is more in line with the intent of the original language of the Regional Allocation Formula Bill authored by Senator Shapleigh from El Paso. We believe a support letter from him regarding this language change will be forthcoming.

5. 49.9(h)(4)(A)(ii)(VI): We think the requirement of 911 telephones is an excellent change from the requirement of public telephones. We have found that the public telephones on our existing sites are often used for drug-related activities and wish we could replace them with 911 phones.

6. 49.9(h)(4)(F): We disagree with striking the language in this paragraph that summarizes the UFAS standards. We appreciated having the summary notes in the paragraph as a reminder to what our obligations are.

7. 49.9(h)(4)(M): We are opposed to the requirement of requiring criminal background checks on all tenants. We believe that this creates a huge liability for property owners and property managers, especially when the Department is not telling us what types of convicted criminals are prevented from living in our units. If the Department wishes to make individuals convicted of certain crimes ineligible as tenants in the program, then the rule should state that. We currently have a policy of running sex offender checks on prospective tenants and rejecting any convicted sex offenders from our properties. We suggest a similar rule if there is pressure on the Department to pass a rule addressing convicted criminals.

8. 49.9(i)(3): We do not support the added language in this paragraph. It is often very difficult to qualify tenants for the 30% income levels, because often in El Paso people who claim this amount of income have insufficient documentation. Often the families who legitimately do make less than 30% AMFI also have Section 8 assistance. The local PHA is also very educated on how the unit mixes work, and seeks 30% units for their assisted tenants. If the Department goes forward with this rule to encourage developers to exclude Section 8 families from living in deep targeted units we implore the Department to bring all the PHAs in the state in for an educational seminar on this new rule. We worry that our PHA may not understand this rule and seek to file Fair Housing Act complaints against us for enforcing this new rule.

9. 49.9(i)(4)(B)(xvii): The department has always allowed a comparable item in this paragraph for evaporative coolers in dry climates. For the first time last year, evaporative coolers were excluded, and we failed to notice and bring it to the Department's attention during the public comment period. We believe that evaporative coolers in dry climates should be placed back in this paragraph. The Federal Government recognizes and encourages the use of evaporative coolers as an energy saving device, and specifically allows it under President Bush's new energy tax credit program for new housing units. Evaporative coolers use far less electricity than 14 SEER HVAC coolers and emit no greenhouse gases as they do not use Freon like refrigerated air conditioners. If the department is looking for an objective criterion to establish a definition of "dry climate" we suggest areas of the state with average annual rainfall of less than 10 inches fall under that definition.

10. 49.9(i)(8): We agree with the raising of allowable costs per square foot in this paragraph. We have seen a huge increase in construction costs due to the expansion of facilities and homes at Ft. Bliss in anticipation of the additional 20,000 troops that are scheduled to come to El Paso in the next 5 years. We expect this condition to continue to put pressure on local construction labor and material.

11. 49.9(i)(16): We believe that an objective definition for *"community or civic organization"* needs to be added if this paragraph is going to become a selection

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criteria in the rules. The Department has done a good job over the years of eliminating subjective interpretation in the rules, and we advocate for that to be done here too.

This concludes our comments on the proposed 2007 Draft QAP.

We also submit the following comments on the proposed 2007 Draft Real Estate Analysis Rules and Guidelines:

1. 1.32(c)(4)(D): We feel the maximum DCR for Year 1 evaluation should be raised from 1.30 to 1.35 for the same reasons that the Department feels the minimum DCR should be raised from 1.10 to 1.15. We agree that long-term financial feasibility on LIHTC deals is coming into question with HUD using methodology (which we believe to be incorrect) that is keeping income levels stagnant, while operating costs continue to rise. Allowing a higher maximum DCR will provide the same safeguards to this problem as raising the minimum DCR.

2. 1.32(c)(5): We strongly support the notion of evaluating projects based on a 20-year proforma as opposed to a 30-year proforma. This change makes the evaluation of long term feasibility much more realistic, and allows for developers to target lower income levels such as the 30% and 40% families along the border who desperately need quality affordable housing. (See the 2006 Mission Palms application that we submitted for an excellent example of this point.)

3. 1.32(c)(5)(C): We support the objective criteria listed in this paragraph to allow for deviations from the numbers drawn from TDHCA databases used to estimate costs.

4. 1.32(c)(5)(D): We disagree with the striking of the language requiring a development to pay back deferred developer fee within 15 years. We believe the current policy requiring this payback is an objective and reasonable policy that keeps inexperienced developers from attempting to "pick up points" by submitting applications that are not feasible in the long run. We also oppose the elimination of this policy because we believe it will give PHAs an unfair advantage in competing with private companies. Governmental entities, such as PHAs, do not have to make a profit on projects because they ultimately have the power to tax in order to cover up any foolish decisions they make, however private companies must make a profit or they do not survive. We feel strongly that the success of the LITHC program over the years has been due to the success of the private developers who have participated, much more so than

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the participation of PHAs. This policy change would unfairly penalize those private developers who are the core of this successful program.

This concludes our comments for the 2007 draft rules regarding the LIHTC program. Thank you in advance for considering our comments.

Sincerely,

R. L. "Bobby" Bowling IV
President

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The Youngs Company

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October 17, 2006

TO: Ms. Robbye Meyer – Director, Multifamily Programs – TDHCA

Via Fax to (512) 475-0764

FROM: Don Youngs – Texas Affordable Housing Consultant

8 PAGES

RE: Comments Regarding Proposed Changes to 2007 Real Estate Analysis Rules

ATCH: Survey of Rural Elderly Developments…"Where do tenants come from?"

Following are my public comments regarding proposed changes to the 2007 QAP.

I concur with both the TAAHP Consensus Comments of its membership concerning the Draft 2007 Real Estate Analysis Rules and the Draft 2007 QAP. Since I am not a member of TAAHP, I have attached and signed the organization's points and have removed the name of the organization.

#######

Additionally, I am including the results of a survey done by The Youngs Company under the auspices of the RRHA of Texas. It was a quick email survey, sent 10 days ago to RRHA members who owned and/or managed elderly tax credit developments in rural communities. The questionnaire had 3 questions: (1) How many bedrooms; (2) Living Arrangements; and (3) Where the tenants were living just before they moved into the tax credit development where they are currently living.

Information for 341 units was returned within 5 days. A copy of the tabulated results is attached. My comments are as follows:

Reducing Inclusive Capture Rates for Rural and Elderly from 100% to 50% will have the unintended consequence of effectively wiping out the feasibility of rural, elderly developments in a majority of communities with populations between 5,000 – 15,000.
A survey of rural, elderly developments in communities with populations between 5-15,000 (see attached) capture more than half of their tenants from communities that are not included in the community's PMA, and/or do not come from the rental pool of elderly persons in Census 2000. It is my understanding that these results corroborate findings of similar studies done by Messrs. Jack, Ipser and Young.

Recommendation:

I believe a more prudent approach would be to delay making any change (including an alternative plan to reduce the capture rate to 75%) to the capture rate of elderly, rural tenants until a much broader study of "where elderly tenants come from" is conducted. This study shows that over 50% of the tenants came from locations that are not currently being counted by REA, e.g., "sold their homes," "lived with family members," "came from out of state," and "came from in-state, but out-of-town"

Don Youngs

Don Youngs

Results of Survey of 12
Rural, Elderly Developments to answer the question:
"Where did the tenants come from?"

Number of Bedrooms	#	%
1 Bedroom	219	64.2
2 Bedroom	122	35.8
Total	-341	100%

Living Arrangements	#	%
Single Female, Living Alone	254	74.4
Single Male, Living Alone	48	14.1
Married Couple, Living Together	32	9.4
Single Caregiver With Children	4	1.2
Married Person, Living Alone	1	0.3
Married Couple, With Children	0	0.0
No Response	2	0.6
	(341)	100%

Where Tenants Came From Before Moving Into This Development	#	%	[1]%
In-Town, From another Rental Development	121	35.5	
In-State, From Out of Town	112	32.8	32.8
Sold Their Home and Moved Here	25	7.3	7.3
In-Town, From Public Housing Development	23	6.7	
In-Town, Living With Their Children	18	5.3	5.3
Came from Out-Of-State	14	4.1	4.1
In-Town, From a Market Rate Development	12	3.5	
In-Town, Living With Other Relatives	7	2.1	2.1
In-Town, From a Nursing Home	6	1.8	
In-Town, From Another HTC Development	6	1.8	
In-Town, From an Assisted Living Facility	0	0	
	(341)	[2]100.9%	51.6%

[2] Result is >100% due to multiple answers, e.g., In-State, from out of town ....widow-sold my home to move into something more manageable.

[1] % of respondents not included in TDHCA Real Estate Analysis

Source: Original survey conducted by The Youngs Company through RRHA of Texas

Section 49.3: Definitions

(52) Ineligible Building Type. Remove the restrictions on minimum percentages of unit types and let the market dictate the unit mix.

Justification: Although it is desirable to offer a variety of unit types, it is more important to address the needs in a particular market.

(75) Reconstruction. The current draft QAP does not allow for an increase in number of units under the definition of Reconstruction. We believe that Reconstruction should not be limited to replacing the exact number of units.

Justification: For instance, total demolition of a 100 unit building with a mix of two and three-bedroom units, is going to increase in number of units, when smaller one-bedroom units are added to the unit mix.

Section 49.5: Ineligibility

(b)(10). The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose pre-development award from the department had not been repaid for the Development at the time of ***commitment*** or Bond closing. TAAHP requests that this repayment be tied to a construction loan closing instead of the Tax Credit Commitment Letter.

Justification: Should not be tied to Commitment Letter, but rather to the closing on the construction loan, when funds for repayment will be available.

Section 49.6. Site and Development Restrictions.

(g) Limitations of Development to Certain Census Tracts. TAAHP is supportive of this attempt to get more geographical dispersion of units. However, we believe it should be tried first in the major metropolitan areas, where the problem seems more pervasive. Additionally, we believe that where a City or County already has a Concentration Policy (such as Houston and Harris County), then the local policy should preempt the need for a resolution. We suggest:

(1) in an area whose population is less than 100,000 – recommend changing this to population less than 1,000,000

(3) *Modify to read:* 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, ***or alternatively, a copy of the municipality's Concentration Policy which permits the development in the specified Census Tract.***

49.8. Preapplications

(d)(3)(A)(i) Change date for submission of request for neighborhood organizations from December 8, 2006, to the same date as the pre-application date.

Justification. This is too early for notification and will create unnecessary notifications for projects without site control. The pre-app date is sufficient for the developer's ability to notify and work with neighborhood organizations prior to the application.

49.9. Application; Submission, et al

(c) **Adherence to Obligations.** The last sentence of this paragraph is unclear. We recommend it read:

"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 *requested by the Development Owner and awarded unconditionally by the Department,* by the required deadline, **(unless granted an extension by the Department);**

(d)(4) Administrative Deficiencies. Need to restore to 5 business days from 3 days and to 7 business days from 5 for deficiency submissions. Many times, the requests relate to need for information from third party sources and it is difficult to get these documents in the requested time frames.

(d)(5)(C) Methodology for Allocations. As worded, this section would penalize rural regions where the top scoring application exceeds credits, and credits might go to urban area instead. TAAHP requests that this Section be stricken.

(d)(6)(B)(ii) Developer Fees. This section prohibits the paying of a developer's fee on the acquisition portion of an acquisition/rehab. This goes against the overall preference for preserving or rehabilitating existing complexes in Texas. This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

(e)(2) Evaluation Process for Tax Exempt Bond Development Applications – Administrative Deficiencies. TAAHP opposes the daily penalty fee of $500 and requests its removal.

(h)(4)(A)(ii)(XI). Threshold Design Criteria. 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 (2 points). TAAHP requests that this be changed to: *Equipped and functioning business center or equipped computer learning center with 1 computer for every 50 units and 1 printer/fax machine for the entire business center.* This request is based on the experience of TAAHP owners and property managers in the operations of business centers. Further, more and more residents have personal computers.

(h)(4)(B)(i). This section needs to be amended to keep up with changing technology, including wireless networks.

(h)(6)(G) Site Work Costs. If the Applicant's site work costs exceed $7,500 per unit, then the Applicant has to pay an engineer or architect to provide detail to support these costs and pay an accountant to attest as to which of those should be in eligible basis. This $7,500 per unit threshold was first put in place with the 2003 Real Estate rules. Site costs have increased dramatically and it is time to raise this limit. TAAHP requests $10,000 per unit, as a more appropriate number.

(h)(12) Applicants Applying for Acquisition Credits.
This section requires a as part of threshold requirements a legal opinion that the proposed acquisition meets the requirements of Section 42. First, one can not obtain a hypothetical legal opinion based upon future events. No attorney will issue an opinion in February that a transaction to be closed many months later complies with Section 42 of the Code. There were three attorneys present in the TAAHP QAP meeting and all three indicated that they would not issue such an opinion.

49.9 (i) Selection Criteria

(1) Financial Feasibility.

(A) Require a 15 year proforma rather than a 30 year proforma. This conforms with the industry standards in the underwriting of tax credit transactions.

(2) Quantifiable Community Participation. While we applaud the addition of QAP Section 49.9(i)(16), which grants up to 7 points for applications in areas that have no organizations meeting the definition of "neighborhood organization" in the QAP, it does not go far enough in leveling the playing field between applications that have neighborhood organizations and applications that do not. Assuming an applicant meets the requirements of 49.9(i)(16), they would receive a maximum of 19 points (12 plus 7), while an application with a neighborhood organization would receive 24 points. While the incentive for fraud in neighborhood organization creation and the disincentive for developing in rural areas without "neighborhood organizations" may decrease, it will not be totally eliminated. In creating 2306.6711(b)(2), the Legislature did not intend to penalize applications from areas without neighborhood organizations, rather it sought to penalize applications with neighborhood opposition. There is no statutory mandate that scoring for an item must start at zero points and rise upward; scoring can start at 24 and reduce downward with opposition and still meet the requirements of 2306.6711(b)(2). To fulfill legislative intent and avoid discrimination against certain geographic areas, TDHCA should eliminate 49.9(i)(16) and amend 49.9(i)(2)(iii) to read as follows:

"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~~at least one reason for opposition will be scored zero ~~+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;~~

(III~~V~~) that do not establish a reason for support or opposition or that are unclear will be considered ineligible and not scored~~-as neutral (+12 points)~~.

(iv) Applications for which there are multiple eligible letters received, and average score will be applied to the Application.

(iv) Applications for which no letters from neighborhood organizations are scored will receive a ~~neutral~~ score of +~~12~~24 points.

Additionally, we request the date for submission of these letters be April 2, 2007, rather than March 1, 2007, to allow a period of time after the application has been finalized to meet with any organizations.

(i)(3) The Income Levels of Tenants. Language was inserted "*Households receiving any Section 8 voucher rental subsidies, Tenant Based Rental Assistance (TBRA), or similar rental assistance may not occupy the Units designed for points under this section (excluding 100% project based Section 8.)*" This is clearly going to raise some "fair housing" eyebrows, since in certain situations, applications would have 80% of their units ineligible for any type of voucher. Further this prohibition applies throughout the extended use period. TAAHP strongly opposes this and requests its removal.

(i)(5) Funding by Local Political Jurisdictions

This section continues to have serious flaws which allow a developer to receive the same amount of points for a 48-hour loan, as for a permanent grant or donation, discourages applications in small cities and rural communities, and the new formula for awarding points far exceeds previous standards and will result in greater pressure on the limited resources of the smaller cities.

1) *Allowable number of funding sources:*

This year's language limits the developer to only ONE source of funding. This is particularly unfair to smaller communities where a developer may have to cobble together a donation of land from the city, an infrastructure grant from a county and funds from a Housing Finance Agency. Even though this section has been modified to allow substitution of the source, we still need to be able to get these funds from several sources.

2) *Types of Funding:*
Continue to allow TDHCA's HOME Funds to count for these points in communities that do not have HOME allocations, i.e. Non Participating Jurisdictions, as was allowed in the 2005 and 2006 QAPs. If HOME funds (which come from HUD regardless of whether they go to the City for allocation or to the State for Allocation) are considered local when distributed by a City, they should be considered "local" when they are distributed by TDHCA.

3) *Amounts of funding to qualify for points:*
TAAHP recommends reverting to last year's point system for this category. If we are moving to a percentage of cost system (rather than dollar per unit), then the total development costs will have to remain fixed at the application stage for purpose of these points. Further, the percentages need to be reduced from 4%, 8%, and 12% to percentages equivalent to last year's; e.g., .5%, 1% and 3.5%.). If loans are going to be acceptable, then we need to have a minimum term and a maximum interest rate of a value that can be proven to benefit the project.

Justification: The impact of this change is very significant, as demonstrated in the example below, which compares 2006 to 2007 on a 72-unit project with a total development cost of $7,490,000:

	2006	2007	2007 (as $ per unit)
6 points	$36,000	$299,602	$4,161
12 points	$72,072	$599,205	$8,322
18 points	$252,072	$898,808	$12,483

(i)(8) Cost of Development by Square Foot. The Department has identified a 14% increase in Marshall Swift, but only passed on roughly one half of this increase in establishing the cost limits. These need to be increased to the following:

Elderly: $90
Elderly (Tier 1): $92
Family: $80
Family (Tier 1): $82

For the purposes of this subparagraph only, if the proposed Development is a high-rise building of 4 or more stores, the NRA may include elevator served interior corridors. Change to read, ***if the proposed Development is an elevator building serving seniors or a high rise building serving any population, the NRA may include elevator served interior corridors.***

Justification: Increase in costs needs to match Marshall Swift increases. Further, the definition of Net Rentable Area needs to include two and three story senior facilities which are required to have elevators.

(i)(10) Rehabilitation or Reconstruction. Amend sentence to read: Applications proposing ~~to build solely~~ Rehabilitation (excluding New Construction of non-residential buildings), *and/*or ~~solely~~ Reconstruction (excluding New Construction of non-residential buildings) qualify for points.

Justification: Provides greater clarity.

(i)(11) **Housing Needs Characteristics.** This Section contains a minor language change which could result in uncertainty over the score for Applicants. The old language stated that "Each application ***will*** receive a score," which is changed to "Each application ***may*** receive a score." The previous language should be restored.

(i)(14) Development Location. Item (C) was stricken because of possible duplication with the points for projects in QCTs with revitalization plans. However, it also deletes TIFs and Downtown Revitalization Districts important for Urban projects. This should be reinstated.

Justification: Allows Cities to be involved in directing the placement of affordable housing where it is most needed.

(i)(18) Tenant Population w/Special Housing Needs. This needs to be switched from a "hold open" period of 24 months back to the 2006 QAP standard of 12 months.

Justification: This issue was visited several years ago when a similar provision was in place in the QAP and the advocates for housing for persons with disabilities joined with TAAHP to ask that the "hold open" period be shortened. The shorter period is supported by the advocates as they want to encourage (rather than discourage) the setting aside of units for persons with disabilities and more developers can accommodate a shorter period as a long "hold" open period is discouraged by investors.

(i)(20)(B) Negative Site Features. This needs to be updated to be more "user friendly" to downtown/urban developments and more predictable for rural areas. For instance, some cities have "active railroad tracks" but have noise reduction features. Also, there are varying degrees of high voltage transmission power lines and definitions are hard to locate: We recommend:

(ii) Developments located adjacent to or within 300 feet of active railroad tracks will have one point deducted from their score, unless the applicant provides evidence that the city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail.

(v) Developments ***where the buildings are located within the "fall line" of high voltage transmission power lines*** will have 1 point deducted from their score.

(i)(21) 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 Development~~ (3 points).

Justification: TAAHP members believed that Phase 2 developments, particularly in rural areas, should be encouraged, as these tend to improve operating feasibility through the ability to achieve greater economies of scale.

Section 49.9 (j) Tie Breaker Factors.

(1)(A) Applications involving any Rehabilitation ***and/or Reconstruction*** of existing Units will win this first tier tie breaker over Applications involving solely New Construction.

Section 49.13. Commitment and Determination Notices

(a)(1)(B) This allows a recipient of a tax credit award to extend until December 31 of the year and without requiring Board Approval. This needs to have a deadline such that funds can be awarded to the waiting list AND require Board approval. We recommend that no extension be granted past November 1, and that Board Action be required for any extension approval.

(a)(6) This Section eliminates the 10 day time period for acceptance of the commitment notice and allows the department staff to specify the due date. This has the potential to create inequities among Development Owners with staff setting different dates for each and can also [illegible] submitted with the commitment notice. It should be changed to read "The executed Commitment of Determination Notice must be returned to the Department on the date specified in the Commitment Notice, which shall be no earlier than ten days of the effective date of the Notice."

Section 49.15. LURA, Cost Certification.

(a) TAAHP recommends amending this paragraph to add the following line: "The LURA prepared by the department shall not contain any provision which requires underwritten or application rents to be lowered, either for changes in AMI, utility rates, or any other reason, except in accordance with IRC Section 42." This change is required to maintain the long-term financial feasibility of new developments, a priority established by the legislature in Senate Bill 264 (2003).

(b)(4) A new section was added in the 2007 Draft QAP which requires TDHCA to look for noncompliance at the cost certification stage. This is opposed by TAAHP and the investors in the program, because if TDHCA does not award the credits, then the development will be foreclosed upon by the lender/investor and the affordable units and the credits will be lost.

Justification. This makes investors very nervous and will affect credit prices negatively. The time to penalize an Applicant is up front before awarding credits, not after the units are building a being filled with qualified residents.

Section 49.16. Housing Credit Allocations

(g) Reinstate and amend the deleted sentence: For properties receiving financing through TX-USA-RHS *or FHA*, the Department *may* accept the inspections performed by TX-USDA-RHS *or FHA* in lieu of having other Third party inspections.

Section 49.17. Board Reevaluation, Appeals Process.

The proposed suggested revisions to the rules governing the board appeals process under 10 TAC Section 1.8 open the floodgates for board appeals by allowing *virtually anyone* to appeal following board action. Instead of adopting the definition of "Appealing Party" from 10 TAC Section 1.7, this section should provide a definition as follows: "Appealing Party—The Administrator, Affiliated Party, or Applicant who files, intends to file, or has filed on their behalf, an Appeal of a Board decision."

Section 49.20 Program Fees

(f). Commitment or Determination Notice Fee. Add Sentence: If a Development Owner has paid a Commitment Fee and returns the credits in a suitable time frame that they can be allocated to a development(s) on the Waiting List, the Development Owner will receive a refund of 50% of the Commitment Fee.

Justification: This would provide an incentive to Developers to give back credits in time for reallocation to a project on the waiting list.

Patrick O'Connor & Associates, L.P., dba

O'Connor & Associates

October 18, 2006

Ms. Jennifer Joyce
Interim Manager of Multifamily Finance Production Division
Texas Department of Housing and Community Affairs

Re: Public comment on proposed 2007 QAP and REA Guidelines

Dear Ms. Joyce:

Thank you in advance for the opportunity to provide public comment regarding the proposed 2007 QAP and REA guidelines. I will address three specific areas of concern.

Proposed Capture Rate Decrease for Elderly, Rural, and Special-Needs Projects

It has been proposed to reduce the capture rate for elderly, rural, and special-needs projects from 100% to 50%. Research over the past few weeks indicates that projects targeted for these tenants can be successful despite having a capture rate higher than 50%. Specifically, examples have been found of projects which leased up rapidly in the market despite the fact that the capture rate was higher than the maximum amount proposed for 2007. These projects are currently providing quality rental housing that would not have been possible under this new proposed guideline.

It has been suggested that the proposed decrease in the capture rate could be offset by the fact that a market analyst will have broader discretion to utilize "demand from other sources" in the calculation of potential renters in the area. Unfortunately, at this point those of us who have been working with the Real Estate Analysis Division of the TDHCA have yet to formulate enough information to thoroughly address what is appropriate to include in these sources of demand. Preliminary data gathered within the past few weeks indicates that a significant number of potential renters are coming from areas which are not included in the traditional demographics that a market analyst typically uses for making these calculations. With respect to elderly properties, examples of these non-traditional sources of demand include individuals or couples who desire to move out of single-family homes to apartments (as a result of the rising costs of home ownership or in the case of an individual who has recently lost a spouse), children who would like to move their parents closer to them from other areas of the state, or elderly folks that are currently living with their children because adequate rental housing is not available in the area.

A solution would be for the 2007 QAP and REA guidelines to remain the same as the 2006 documents in this regard. Prior to next year, those of us in the industry can then work together with the TDHCA to gather the data necessary to determine an appropriate and reasonable model for determining demand from other sources for these projects moving forward.

2200 North Loop West, Suite 200 Houston, TX 77018 (713) 686-9955 FAX (713) 686-3377 www.poconnor.com

Calculation of Demand and Capture Rate by Unit Type
As proposed, the 2007 REA guidelines will require market analysts to calculate a capture rate by unit type. The effect of this proposed change on the HTC program has not been fully analyzed by those of us in the industry nor the TDHCA. Preliminary research indicates that some projects that have been constructed under the HTC program have subsequently leased up at a rapid pace, despite the fact that they would have failed a capture rate test by unit type. Under the current guidelines, market analysts are charged with reviewing the unit mix as proposed by the developer. This includes comparing the proposed unit mix to other projects in the market and testing it for reasonableness.

Also worth noting is the fact that the data necessary to accurately perform a capture rate by unit type can be very difficult to obtain. It has been our experience that property managers of nearby comparable properties in many cases are not willing to reveal occupancy rates by bedroom type for the previous 12 months. Additionally, if this requirement remains the cost of a market study will undoubtedly increase significantly to include the time necessary to perform this level of analysis (increase could be between 20-40%).

A solution to this issue would be to remove this requirement from the 2007 QAP and REA guidelines and allow the market analysts, lenders, syndicators, and/or other industry participants to be responsible for analyzing the unit mixes for reasonableness.

Infeasibility of a Project Based on Rents Being Less Than Program Maximums
Based on my understanding of the proposed QAP, a project would be deemed "infeasible" if the rents are less than the maximums allowed by the program and market rents. There are concerns that this rule could result in projects being located exclusively in areas of higher incomes and higher market rental rates. Conversely, areas with lower median incomes (and potentially higher demand) may be overlooked by developers because the market rents are too low when compared to program maximums, which are established on entire MSA's rather than specific market areas.

A solution to this issue would be to remove this requirement from the 2007 QAP and allow the lending and syndication participants in the affordable housing industry to determine if a property is feasible or not based on the significant amount of due diligence which is required.

In closing, I would like to thank you for the opportunity to make public comment on the 2007 QAP and REA guidelines. Additionally, I look forward to continuing working with the TDHCA to bring quality affordable housing to the residents of Texas.

Regards,

Craig Young
Market Analyst/Appraiser
O'Connor & Associates

42

THE DONNA AFFORDABLE HOUISNG CORP[illegible]ATION
705 SILVER AVE.
DONNA, TEXAS 78537
txdha@sbcglobal.net

FAX COVER SHEET

FROM:

No. Of [illegible]ages:
Cover She[illegible] Included

Liz Hernandez
Public Housing Manager
ehernandez@donnaha.com

Date: October 18, 2006

TO:

ATTN: Jennifer Joyce

Fax N[illegible] 512-475-0764

RE: 2007 QAP Comments

Ж Ж

Urgent For Review Pleas[illegible] Comme[illegible] Please Reply

Ж Ж

COMMENTS:

EQUAL HOUSING OPPORTUNITY

P.O. BOX 6[illegible]
705 Silver A[illegible]
Donna, Texas [illegible]37
(956) 464-4473 FAX: ([illegible] 461-3798
txdha@sbcglo[illegible]et

<u>Recommended Change:</u> Revise to ". . . (in a number not to exceed the original units being replaced unless Market Study supports the absorption of additional units) . . . ." Delete "For at least six months."

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5. §49.9(d)(4) [Page 22 of 68] *Administration Deficiencies*

<u>Recommended Change:</u> The time to correct Administrative Deficiencies should remain at five (5) days.

<u>Justification:</u> Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond Developments at five days.

6. **§49.9(d)(6)(B)(ii) [Page 23 of 68]** *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.*

<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

Jennifer Joyce

From: Bob Gonzalez [txdha@sbcglobal.net]

Sent: Wednesday, October 18, 2006 1:51 PM

To: jennifer.joyce@tdhca.state.tx.us

Subject: 2007 QAP Comments

COMMENTS ON DRAFT 2007 QUALIFIED ALLOCATION PLAN (QAP)

1. **§49.3(75)** Section 49.3 **[Page 9 of 68]** *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.*

Recommended Change: The second sentence of this definition needs to be revised so that it reads: Multifamily housing developments proposing adaptive re-use or proposing to increase the number of units in the existing multifamily housing development are considered Reconstruction. HUD mixed financed housing developments proposing to increase the number of units are considered Reconstruction.

Justification: Reconstruction should not be limited to replacing the exact number of units on or off site. This definition penalizes some applicants, particularly nonprofits and Housing Authorities, because they will not qualify for some of the scoring items under the Selection Criteria and their ability to effectively utilize their sites that can support additional units in compliance with local building codes. An example is total demolition of a 100 unit development with a mix of two, three and four bedroom units, is going to increase in number of units when one-bedroom units are added.

Obsolete Public Housing that is demolished is replaced with HUD mixed finance housing developments on sites that are underutilized with very low density developments. Housing Authorities and the very low income residents they serve should not be penalized by excluding a mixed finance development proposing to increase the number of demolished units from the definition of Reconstruction as well as their eligibility for QCP scoring.

2. §49.5(a)(8) [Page 12 of 68]- The 3 year rule should apply only to New Construction because it adds units. It should not apply to Reconstruction or Rehabilitation because are replacement or upgrading of existing units.

3. §49.6(e)(4) [Page 15 of 68]- *Limitations on the Size of Developments* for *those Development 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, unless the first phase has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for a least six months.*

Recommended Change: Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

Justification: The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5. §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

__Recommended Change:__ The time to correct Administrative Deficiencies should remain at five (5) days.

__Justification:__ Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond Developments at five days.

6. **§49.9(d)(6)(B)(ii) [Page 23 of 68]** – *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.*

__Recommended Change:__ This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

__Justification:__ This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

7. **§49.9(h)(4)(A)(ii)(XI) [Page 27 of 68]** – *(XII) Equipped and functioning Business Center (computer and fax machine) 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 (2 points).*

__Recommended Change:__ Revise to 1 computer for every 25 units, 1 fax machine for every 75 units and 1 printer for every 3 computers.

__Justification:__ There likely will not be a need for this many machines.

8. §49.9(h)(12) - QCP [Page 36 of 68] – Third Party Legal Opinion for Applicants for Acquisition Credits

Recommended Change: Delete this requirement.

Justification: Attorneys are not willing to provide a hypothetical opinion based on future events.

9. §49.9(i)(2)(A)(iv) - QCP [Page 39 of 68] ***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*

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McAllen
All-America City

McAllen Housing Authority

2301 JASMINE AVENUE
McALLEN, TEXAS 78501

JOE SAENZ
EXECUTIVE DIRECTOR

October 18, 2006

TDHCA
Division of Public Policy and Affairs
P.O. Box 13941
Austin, Texas 78711-3941

To Whom It May Concern:

Please find attached comments on the draft 2007 Qualified Allocation Plan (QAP) for your review and consideration.

Sincerely,

Jose A. Saenz
Executive Director

Recommended Change: Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

Justification: The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5. §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

Recommended Change: The time to correct Administrative Deficiencies should remain at five (5) days.

Justification: Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond Developments at five days.

6. **§49.9(d)(6)(B)(ii) [Page 23 of 68]** – *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.*

Recommended Change: This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

Justification: This is against the preference for preserving or rehabilitating existing properties, including at-risk developments.

ODYSSEY RESIDENTIAL HOLDINGS, LP
5420 LBJ Freeway, Suite 1235
DALLAS, TX 75240
(972) 701-5551
(972) 701-5562 FAX

44

facsimile transmittal

To:	Brooke Boston, TDHCA	**Fax:**	512-469-9606
From:	Bill Fisher	**Date:**	October 18, 2006
Re:	QAP Comments for 2007 draft	**Pages:**	9 with this cover
CC:	Mike Gerber, Executive Director		

☐ Urgent X For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Odyssey's public comments for 2007 draft QAP. Call me if you have questions or need clarifications.

Thanks,

Saleem Jafar and Bill Fisher

972-701-5551
972-701-5562 FAX
214-755-2539 cell

ATTN:
John
Stafford

Sustaining Occupancy (as defined in §1.31 of this title) for a least six months.

Recommended Change: This provision should be revised to read ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." "For at least six months" should be deleted.

Justification: This item prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. Basically, this means that a Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles. This is not an efficient use of land or our development dollars. Incremental increases of number of living units are the most cost effect units in any development budget because site work, land costs and other development related costs to the overall number of units can now be spread to these incremental units added to the development.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date. It puts small and new developers at a disadvantage by putting more pressure for earlier site control which is costly.

5) §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

Recommended Change: The time to correct Administrative Deficiencies should remain at five (5) days.

Justification: Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond ~~Developments~~ at five days.

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Recommended Change: This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e) (7) must be eliminated.

45

Jennifer Joyce

From: EHARGV@aol.com

Sent: Wednesday, October 18, 2006 4:44 PM

To: Jennifer.joyce@tdhca.state.tx.us

Subject: Comments on 2007 QAP

Edinburg Housing Authority
P.O. Box 295
Edinburg, Texas 78540

These comments are being submitted by the Edinburg Housing Authority. Should you have any questions, please do not hesitate to call me at (956) 383-3839

Thank You,

Estella L. Treviño
Executive Director
Edinburg Housing Authority

<u>Recommended Change:</u> Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

46

Jennifer Joyce

From: Eva Shults [Eva_Shults@hacc.org]
Sent: Wednesday, October 18, 2006 5:37 PM
To: Jennifer.joyce@tdhca.state.tx.us
Subject: Comments on 2007 QAP

2007 QAP
)MMENTS.doc (64 K

Jennifer,

On behalf of Richard Franco, President of Texas NAHRO, I'm submitting our comments to the 2007 QAP.

Thank You. Should you have any difficulty with attachment respond by email and I will resubmit.

Eva Shults
Executive Assistant
Corpus Christi Housing Authority
3701 Ayers Street
Corpus Christi, Texas 78415
(361) 889-3350
(361) 889-3326 (fax)
website: HACC.ORG

<u>Recommended Change:</u> This provision should be revised to read ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." "For at lease six months" should be deleted.

<u>Justification:</u> This item prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. Basically, this means that a Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles. This is not an efficient use of land.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the preapplication date.

5) §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

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<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This goes against the overall preference for preserving or rehabilitating existing complexes in Texas, including at-risk developments.

47

Jennifer Joyce

From: Janie [janie@pharrha.com]

Sent: Wednesday, October 18, 2006 4:17 PM

To: jennifer.joyce@tdhca.state.tx.us

Subject: 2007 QAP Comments

Attached are comments from the Pharr Housing Authority on the 2007 QAP for your review. The comments as shown are detrimental to Housing Authorities.

Please call me with any questions at (956) 783-1316.

Sincerely,

Roy Navarro
Executive Director

<u>Recommended Change:</u> Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

48

Jennifer Joyce

From: Ruben Sepulveda [rsepulveda@weslacoha.com]
Sent: Wednesday, October 18, 2006 3:42 PM
To: jennifer.joyce@tdhca.state.tx.us
Cc: NORMA GUERRERO
Subject: 2007 QAP Comments
Importance: High

MY NAME IS RUBEN SEPULVEDA. I AM THE EXECUTIVE DIRECTOR FOR THE HOUSING AUTHORITY OF THE CITY WESLACO, P.O. BOX 95 - 303 WEST SIXTH STREET, WESLACO, TEXAS 78599-0095. THE ATTACHED COMMENTS WITH RECOMMENDED CORRECTIONS ARE BEING SUBMITTED BY ME ON BEHALF OF THE HOUSING AUTHORITY OF THE CITY OF WESLACO AND ITS BOARD OF COMMISSIONERS.

RUBEN SEPULVEDA
EXECUTIVE DIRECTOR
HOUSING AUTHORITY OF THE CITY OF WESLACO
956.969.1538
RSEPULVEDA@WESLACOHA.COM

Recommended Change: **Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."**

Justification: The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5. §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

Recommended Change: **The time to correct Administrative Deficiencies should remain at five (5) days.**

Justification: Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] That establishes the response period for Tax Exempt Bond Developments at five days.

6. **§49.9(d)(6)(B)(ii) [Page 23 of 68]** – *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.*

Recommended Change: **This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.**

Justification: This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

(49)

HOUSING AUTHORITY

of the City of Beaumont, Texas

October 18, 2006

Ms. Jennifer Joyce
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Ms. Joyce,

Please accept the attached 6 pages of comments as BHA's comments on the proposed 20067 QAP.

Should you have any questions or need additional information, please do not hesitate to contact me at 409-951-7200.

Thank you in advance,

Robert L. Reyna

Robert L. Reyna
Executive Director
Housing Authority of the City of Beaumont, Texas

Recommended Change: Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . ." Delete "For at lease six months."

Justification: The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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Recommended Change: This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

Justification: This is against the preference for preserving or rehabilitating existing properties, including at-risk developments.

Pharr Housing Development Corporation

104 W. POLK, PHARR, TEXAS 78577 • Ph.: (956) 787-1822

October 18, 2006

Dear Ms. Joyce:

Attached are comments from the Pharr Housing Development Corporation on the 2007 QAP for your review. The comments as shown are detrimental to our agency.

If you have any questions, please call me at (956) 787-9501.

Sincerely,

Fernando Lopez
Coordinator

<u>Recommended Change:</u> Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

51

APOLONIO (Nono) FLORES
FLORES RESIDENTIAL, L.C.
201 Cueva Lane, San Antonio, Texas 78232-1137
Telephone 210-494-7944 210-494-5948
Cell Telephone 210-289-5952
Facsimile 210-494-0853
e-mail: nono62@swbell.net

October 18, 2006

Both

Ms. Jennifer Joyce
Texas Department of Housing
And Community Affairs
VIA Fax No. 512-475- 0764

Re: Comments on Draft 2007 QAP

Dear Ms. Joyce:

Enclosed are seven (7) pages containing my comments on the draft 2007 QAP. Please let me me know of any questions or if you want to discuss any of the comments.

Sincerely,

NoFlores

Apolonio Flores

<u>Recommended Change:</u> Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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<u>Recommended Change:</u> This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.

<u>Justification:</u> This is against the preference for preserving or rehabilitating existing propserties, including at-risk developments.

COMMUNITY DEVELOPMENT CORPORATION
OF SOUTH TEXAS, INC.

(52)

October 18, 2006

Ms. Jennifer Joyce
Texas Department of Housing
And Community Affairs

VIA FAX 512-475-0764
And regular mail

Dear Ms. Joyce:

On behalf of the Community Development Corporation of South Texas, Inc., we respectfully submit and support the following recommended changes (see attached) to the Qualified Allocation Plan as proposed.

Please feel free to contact me should you have any questions.

Sincerely,

Robert A. Calvillo
Executive Director

1420 ERIE AVENUE MCALLEN, TX 78501 (956) 664-0158 FAX (956) 682-9751
CDCST@CDCST.ORG WWW.CDCST.ORG

Recommended Change: **Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."**

Justification: The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. Also, the proposed draft does not appropriately consider the Market Study.

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Recommended Change: **This new provision, along with corresponding new language in Underwriting Guidelines Section 1.32(e)(7) must be eliminated.**

Justification: This is against the preference for preserving or rehabilitating existing properties, including at-risk developments.

53

Jennifer Joyce

From: Richard Herrington [rherrington@texarkanaha.org]
Sent: Wednesday, October 18, 2006 4:58 PM
To: jennifer.joyce@tdhca.state.tx.us
Subject: 2007 QAP

Dear Ms. Joyce,

Attached for your review and consideration are my comments regarding the 2007 QAP. I appreciate your time in reviewing and considering them in your review process.

Richard Herrington, Jr.
Executive Director
Housing Authority of City of Texarkana, Texas
1611 N. Robison Rd.
Texarkana, TX 75501

5

<u>Recommended Change:</u> **Revise to ". . . (in a number not to exceed the original units being replaced unless a Market Study supports the absorption of additional units) . . . ." Delete "For at lease six months."**

<u>Justification:</u> The proposed draft prevents a second phase or adjacent project from exceeding the number of units demolished in a Reconstruction project unless the first phase is completed and stabilized for six months. A Reconstruction project adjacent to an existing one cannot exceed the number of units demolished for at least two tax credit cycles, and prevents adequate utilization of the site. In addition, the proposed draft does not appropriately consider the Market Study Analysis.

4. §49.8(d)(3)(A)(1) [Page 18 of 68] – The date for submission of requests for neighborhood organizations should be changed from December 8, 2006, to the same date as the pre-application date.

5. §49.9(d)(4) [Page 22 of 68] *Administrative Deficiencies*

<u>Recommended Change:</u> **The time to correct Administrative Deficiencies should remain at five (5) days.**

<u>Justification:</u> Reducing the period to remedy Administration Deficiencies from five to three days is severe. It does not provide adequate time to respond to the deficiency on all those who need to respond since most notices are sent to applicants late in the evening or on Fridays. Support for keeping the response period at five days can be found in §49.9(e)(2) [Page 24 of 68] that establishes the response period for Tax Exempt Bond Developments at five days.

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<u>Justification:</u> This is against the preference for preserving or rehabilitating existing properties, including at-risk developments.

TA CDC Texas Association of Community Development Corporations

(54)

October 18, 2006

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

Re: 2007 QAP and Real Estate Analysis Rules

Dear Mr. Gerber:

Please accept the Texas Association of Community Development Corporation's comments on TDHCA's Draft 2007 Qualified Allocation Plan and Real Estate Analysis rules. Please contact Matt Hull at (512) 916-0508 or matt@tacdc.org if you have any questions.

Qualified Allocation Plan Comments

General Policy Related to QAP

TACDC members are very interested in augmenting the Housing Tax Credit program to allow for and encourage a variety of development types targeted to many different income levels, not just traditional multifamily rental. Given the unique design of the program and inherent complications in administering the program, we understand there will be challenges to achieve this goal.

Section 49.5 (b)(10) Ineligibility p. 13.

Language was inserted relating to timely repayments of predevelopment loans by an applicant at the time of commitment. TACDC members oppose using the commitment or bond closing as the point of repayment and suggest extending the period to the closing of construction financing.

Suggested Change: Repayment of TDHCA pre-development loans should be required at the closing of the construction loan, not upon receiving a letter of commitment or bond closing.

Section 49.6 (g) and (h) Limitation of Development in Certain Census Tracts p. 16

TACDC is in support of the proposed rule as an effort to promote a wider distribution of housing tax credit units across the state.

Section 49.9 (d)(4) Administrative Deficiencies. p. 22.

TACDC recognizes the demands on department staff during the application review cycle to process all applications and further recognizes that delays in correcting administrative deficiencies delays the review and underwriting process, however TACDC opposes reducing the timeframe for correcting administrative deficiencies from five days to three days.

Suggested Change: Revert to the standard from the 2006 QAP.

Real Estate Analysis Rules Comments

General Policy Statement:

TACDC members support efforts by the department to encourage deconcentration of tax credit properties across the state, including those designed or set-aside for elderly or in rural areas. In TACDC's 2006 QAP draft comments, we recommended increasing the one-mile three year concentration rule to 3 miles three years for seniors developments due to an increasing concentration of seniors developments in urban areas, particularly Houston. TACDC therefore supports reducing the capture rate for rural, elderly, and special needs from 100% to 50%.

Section 1.32 Underwriting Rules and Guidelines

1.32 (D)(2)(b) Management Fee p. 6

TACDC recommends inserting SROs in with rural developments in that it is common to have a management fee higher than 5% of effective gross income due to the populations served at SROs and the relatively low rents compared to other tax credit developments.

Suggested Change: Insert language allowing for SROs to have higher management fees.

1.32 (D)(2)(i) Reserves p. 7

TACDC understands the reasoning for increasing general operating reserve requirements from $200 to $250 per unit for most developments. However, SRO developments have different purposes than family developments, do not have the same unit amenities by design as family developments, and have more shared amenities for residents than family units. At the same time, SROs typically have a broader funding structure with each funder having their own reserve requirements. Therefore, TACDC suggest leaving the reserve requirements for SROs at $200 per unit

Suggested Change: Insert language allowing underwriting of SRO developments at $200 per unit.

1.32 (I) Feasibility Conclusion p. 12

TACDC shares many of the same concerns as others in the development community over the provisions of this section. However, one area where TACDC probably differs is in our support for reducing the inclusive capture rate from 100% to 50% for developments serving elderly residents. The political environment in some areas, particularly Houston, has led developers to eschew family developments in favor of elderly developments leading to a relatively greater supply of elderly developments making it difficult for developers to reach and maintain a stabilized occupancy.

(61)

TEXAS HOUSE OF REPRESENTATIVES

☐ CAPITOL OFFICE:
P.O. BOX 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0634
FAX: (512) 463-7668
E-mail: jose.menendez@house.state.tx.us

☑ DISTRICT OFFICE:
WESTGATE SHOPPING CENTER
7121 US HWY 90 W SUITE 240
SAN ANTONIO, TEXAS 78227
(210) 673-3579
FAX: (210) 673-3816

THE STATE OF TEXAS

JOSÉ MENÉNDEZ
STATE REPRESENTATIVE
DISTRICT 124

RECEIVED
OCT 1 3 2006
EXECUTIVE

Mr. Michael Gerber
Executive Director
Texas Dept. of Housing & Community Affairs
PO Box 13941
Austin, Texas 78711-3941

Dear ~~Mr. Gerber~~, Michael

October 9, 2006

I would like to express my appreciation for your consideration and initiatives regarding the market need study issue. As you know, there was a great deal of legislative and public concern about the direction the department was originally proposing and you have responded to those concerns in a very positive manner.

I have reviewed the TDHCA legislative allocation request for the next biennium and am pleased to note the exceptional items request for funding to implement a contractual needs study and public information program as established by statute in 2003. I look forward to working with you to ensure the EIR is favorably considered next session, as well as in developing the program throughout the state.

I am also pleased that the department is increasing efforts to consider public input on the many issues that affect our affordable housing programs in Texas and hope this will carry over to the revision of the underwriting rules, Regional Allocation Formula, QAP and other rules currently being finalized for 2007. I am confident that with this sort of cooperative effort by the department, the legislature, local communities and industry we will continue to develop policies that maximize the resources applied to providing high quality affordable housing to thousands more Texas families.

Again, thank you for your efforts in this regard and let me know what I can do to facilitate these initiatives.

Sincerely yours,

José Menéndez

José Menéndez

cc: Senator Royce West, Chairman Intergovernmental Relations
Robert Talton, Chairman Urban Affairs
Elizabeth Anderson, Chair, TDHCA Board of Directors

TEXAS HOUSE OF REPRESENTATIVES

☐ CAPITOL OFFICE:
P.O. BOX 2910
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(512) 463-0634
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WESTGATE SHOPPING CENTER
7121 US HWY 90 W SUITE 240
SAN ANTONIO, TEXAS 78227
(210) 673-3579
FAX: (210) 673-3816

JOSÉ MENÉNDEZ
STATE REPRESENTATIVE
DISTRICT 124

Mr. Michael Gerber
Executive Director
Texas Dept. of Housing & Community Affairs
PO Box 13941
Austin, Texas 78711-3941

Dear ~~Mr. Gerber~~, Mike

September 21, 2006

As you are aware, I am keenly interested in the various actions and initiatives the TDHCA is undertaking that impact on the success of the department's affordable housing programs. I am continuing my review of the proposed 2006 rules for underwriting criteria and the QAP because I believe the drafts posed by the staff are significantly flawed.

I will provide detailed specifics prior to the October board meeting but for the purpose of the public hearing in San Antonio on September 22, 2006, I strongly urge you to consider the concerns expressed by Michael Hogan in his September 18 letter to the board. The points raised by Mr. Hogan addressing financial feasibility and capture rates are quite valid and must be heeded. In addition there are several others in the affordable housing industry who have expressed their concerns with these changes and their input must be addressed as well.

There have been too many instances in the past few years where the department has adopted rules that are either not in compliance with statutory requirements or have been misinterpreted based on legislative intent as evidenced by Attorney General opinions and other actions necessary to remedy procedural errors. I believe the recent Bexar County delegation letter of concern illustrates the point that the Legislature is taking a careful look at future initiatives and will continue to do so in order to ensure that the programs serving our low-income families are in fact best accomplishing the mission of TDHCA.

I look forward to continuing to work with you to meet these goals and develop the best possible procedures for providing affordable housing opportunities throughout Texas. I appreciate your consideration and efforts.

Sincerely yours,

José

José Menéndez
cc: Chairman Robert Talton

incl; Hogan Letter Sept. 18, 2006

September 18, 2006

HOGAN
Real
Estate
Services

Ms. Elizabeth Anderson
3612 Asbury
Dallas, Texas 75205
214-521-4305 Fax

Mr. Shadrick Bogany
TDHCA
P.O. Box 13941
Austin, Texas 78711
512-472-8526 Fax

Mr. C. Kent Conine, President
Conine Residential Group
5300 Town & Country Blvd.
Ste. 190
Frisco, Texas 75034
972-668-6700 Fax

Mr. Vidal Gonzalez, SVP
Lincoln Heights Branch
120 East Basse Road, Suite 100
San Antonio, TX 78209
210-824-3111 Fax

Mr. Norberto Salinas, Mayor
City of Mission
900 Doherty
Mission, Texas 78572
956-580-8669 Fax

Mr. Dionicio Vidal Flores
PEC Corporation
1710 Telephone Road
Houston, TX 77023
713-926-6366 Fax

RE: Written Comments requested by Chairman in Follow-Up to August 30th Board meeting verbal speech given during the Public Comment Period regarding Draft Changes to the Real Estate Analysis Rules and Guidelines for 2007.

USPS CERTIFIED MAIL RECEIPT RETURN 7004 0750 0004 4309 6823

Dear Madam Chairman:

At your request, I am following up my public remarks at the August 30 board meeting with specific examples to illustrate my concern that three of the proposed changes in the Financial Underwriting Criteria used for feasibility determination are punitive and serve to create additional BARRIERS to Affordable Housing Development. These criteria are as follows:

Proposed Major underwriting changes for Public Comment:

A-Proposed §1.32(d)(2)(I) Replacement Reserves:
Increase the Annual Replacement Reserve from $200/Unit to $250/Unit
UNDERWRITING IMPACT- this lowers the amount of Debt by lowering the NOI (Net Operating Income) available debt service.

B-Proposed §1.32 (d)(4)(D) Acceptable Debt Coverage Ratio Range.
Increase the Debit Service Coverage Minimum from 1.10 to 1.15.
UNDERWRITING IMPACT- this lowers the amount of Debt available to the project

C-Proposed §1.32(i) Feasibility Conclusion and §1.33(d)(9)(E) and (10)(D) and (10)(E) Demand and Capture Rate by Unit Type
Decreasing the Capture Rate for 100% to 50%
UNDERWRITING IMPACT- this could be ***FATAL*** to most projects and thus greatly lowering the number of qualifying projects for the LIHTC program.

In my opening remarks, I wanted to emphasize that my belief was that TDHCA had as part of its mission the responsibility to "Encourage the development and expansion of affordable housing in Texas". That being so, I was puzzled why TDHCA would increase the barriers that are already facing Affordable Housing in this state.
In reading through the 226-page document I find very few changes that would continue to "Encourage Affordable Housing". In fact it is just the opposite.

First, I want to give four (4) examples on the cumulative impact on underwriting of both **(A)-Increased Replacement Reserves** and **(B)-Increase in the Debt Service Coverage** (DSC) Ratio as proposed in the Rule changes.

In the following four (4) examples, I have assumed that the Project Construction Costs and the Operating costs are generally the same all over Texas and have used the TDHCA minimum thresholds. I am **ONLY** trying to measure the impact of the two issues at hand. What will change in these examples are the promulgated rents based on four declining area medium income averages.

The result is not favorable to the affordable housing development. The impact is a minimum reduction of debt amounts ranging from $737,000 to $990,000 for a typical 250-unit project. The higher medium incomes project will have its debt amount reduced by 5.20 % over current underwriting standards. The lower medium income projects will loose even a greater percentage of debt in the range of almost 5.60% less debt than under current underwriting standards. (SEE Example 1-4 attached)

This means that these underwriting criteria changes will only serve to **INCREASE** the infeasible rate by increasing the amount of deferred development fee inside the underwriting, and making the project less able to pay those deferral amounts back in the 10 yr or 15 yr. period underwriting selects, thus the project is **more likely** to be infeasible under TDHCA underwriting thus the project is dead!

To what end are these changes designed to protect? Designed to encourage? Designed to discourage?

Second, I want to comment in general to the remarks made by Mr. Darrell Jack regarding the proposed change of the current Capture Rate.

During the public comment section of the September board meeting, Mr. Darrell Jack of Apartment MarketData supplied the board with an analysis that showed 5 out of 6 successful projects reviewed by there company would not have been approved by the TDHCA underwriting department using the proposed 2007 capture rate rules. One of the five projects they studied was Willow Bend Apartments (San Antonio) and was developed by our company for Commonwealth Housing Corporation. This project leased even faster than I expected, completing its lease-up six months after we opened the first building.

Given this short lease-up period, there was demand in the market not accounted for by either the market analyst or the TDHCA underwriting department. Since the September board meeting, I have been working with both Apartment MarketData and the TDHCA to identify from where these residents originated. The answer surprised us all.

Based on the culmination of our lease data, we found that 40% of the residents were previously living within another household. Only 53% of the demand for Willow Bend's units came other rental properties.

Owners	**13**	**5.2%**
Renters	**131**	**52.6%**
Living in another HH	**101**	**40.6%**
Katrina	**1**	**0.4%**
Employees	**3**	**1.2%**
TOTAL	**249**	**100.0%**

From this information, we see considerable pent-up demand in the market for "affordable" units. With the construction of Willow Bend Apartments, there are now at least 100 households that could not find acceptable housing in the market now living at our community. Under the proposed capture rate changes, **NO WILLOW BEND.**

In summary, my point is that if the mission of TDHCA is to make access to affordable housing a dream come true for thousands of Texas citizens who need a financial "leg up", then there is no compelling reason to create these additional hurtles to project underwriting beyond the current rules. It is not broken!!

Very Sincerely,

Michael A. Hogan
President

Attachments
Example 1-4

Example One

AMI **$55,300 Austin**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	632	$637,056		$637,056
Unit 2BR/2B	84	759	$765,072		$765,072
Unit 3BR/2B	84	876	$883,008		$883,008
Total Units	252		$2,285,136		$2,285,136
Other Income (TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$2,330,496		$2,330,496
Vacancy	7.5%		($174,787)	7.5%	($174,787)
Adjusted Gross Income			$2,155,709		$2,155,709
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintenances	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
Total Expenses					
Net Operating Income (NOI)			$1,399,709		$1,387,109
Debit Service Coverage	1.10			1.15	
NOI available for Debit Service			$1,272,463		$1,206,182
Mortgage Constant	0.066864061				
Mortgage Amount			$19,030,590		$18,039,311
Assumptions:	Amount of Mortgage Reduction			$991,280	5.21%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes and Reserves

Example Two

AMI **$53,100 Bexar**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	597	$601,776		$601,776
Unit 2BR/2B	84	717	$722,736		$722,736
Unit 3BR/2B	84	828	$834,624		$834,624
Total Units	252		$2,159,136		$2,159,136
Other Income (TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$2,204,496		$2,204,496
Vacancy	7.5%		($165,337)	7.5%	($165,337)
Adjusted Gross Income			$2,039,159		$2,039,159
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintained	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
Total Expenses					
Net Operating Income (NOI)			$1,283,159		$1,270,559
Debit Service Coverage	1.10			1.15	
NOI available for Debit Service			$1,166,508		$1,104,834
Mortagage Constant	0.066864061				
Mortagage Amount			$17,445,964		$16,523,581

Assumptions:

Amount of Mortgage Reduction $922,383 5.29%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes and Reserves

Example Three

AMI **$48,800 Killeen**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	549	$553,392		$553,392
Unit 2BR/2B	84	658	$663,264		$663,264
Unit 3BR/2B	84	761	$767,088		$767,088
Total Units	252		$1,983,744		$1,983,744
Other Income(TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$2,029,104		$2,029,104
Vacancy	7.5%		($152,183)	7.5%	($152,183)
Adjusted Gross Income			$1,876,921		$1,876,921
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintence	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
Total Expenses					
Net Operating Income(NOI)			$1,120,921		$1,108,321
Debit Service Coverage	1.10			1.15	
NOI available for Debit Service			$1,019,019		$963,758
Mortagage Constant	0.06686406				
Mortagage Amount			$15,240,164		$14,413,686

Assumptions:

Amount of Mortgage Reduction		$826,478	5.42%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes
and Reserves

Example Four

AMI **$44,600 Anderson**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	504	$508,032		$508,032
Unit 2BR/2B	84	604	$608,832		$608,832
Unit 3BR/2B	84	699	$704,592		$704,592
Total Units	252		$1,821,456		$1,821,456
Other Income(TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$1,866,816		$1,866,816
Vacancy	7.5%		($140,011)	7.5%	($140,011)
Adjusted Gross Income			$1,726,805		$1,726,805
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintence	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
Total Expenses					
Net Operating Income(NOI)			$970,805		$958,205
Debit Service Coverage	1.10			1.15	
NOI available for Debit Service			$882,550		$833,222
Mortagage Constant	0.066864061				
Mortagage Amount			$13,199,166		$12,461,426

Assumptions:

Amount of Mortgage Reduction $737,739 5.59%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes and Reserves

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2006 STATE OF TEXAS

PUBLIC HEARING

Bazan Public Library
2200 W. Commerce
San Antonio, Texas

September 22, 2006
11:10 a.m.

BEFORE:

STEPHEN SCHOTTMAN, TDHCA Team Leader of Research and Planning Policy and Public Affairs
JESSE T. MITCHELL, TDHCA Manager, Community Services
BRENDA HULL, TDHCA Real Estate Analysis

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC, Executive Vice President

probably see some faces at the Austin meetings. Thanks very much.

MR. SCHOTTMAN: Were there any more comments on the Underwriting? Okay.

MR. MENENDEZ: Good morning, again. Jose Menendez, the representative for District 124 for the record. One of the things that Mr. Hogan did not go into in his explanation that you're going to find in his report that I found very, very interesting on the capture rate -- of the 249 families, he'll give you a break down of where they came from.

Of those 249, 101 of those families were actually people that were living in another household prior to -- so that capture rate may not actually accurately access where they're coming from. It was only actually 131 people who actually came from, of those units, only 131 people or 52 percent came from other apartment complexes.

So it's not like this was a cannibalization of other units. I mean there's obviously a great need in the community and so it's just another example on why 1) we need to be careful how we tweak these rules. I think if you were doing rules just to be in compliance with some national standard, which I believe -- if we look at both coasts and they're skewed in so many different ways in terms of real estate, in terms of housing -- the cost of housing on both the East coast and the West coast compared to Texas, you just cannot apply national solutions.

I mean we look at average home prices. If you say an average national home price is $300,000, that's an accurate statement but if you come to Texas, $300,000 you get a very nice home. The average home price in San Antonio is about $125,000, $130,000.

So I would just like to add my concerns that we do not mess with these financial feasibility issues, these capture rates, and others as we move forward because my belief is that TDHCA is doing everything they can to help provide more high quality affordable housing and that's why I think everybody in this room is here.

And so my concern is if you start tweaking the rules to where you make it to where people who actually play by the rules and are honest about their responses that you actually push them out of these programs. In the past, I've asked very good reputable people who live in the communities they work in. They're not fly-by-nights who come in from other states or other parts of the states. Why don't you participate in this program?

And they said, Well, the rules are kind of funky and there are some people in there who don't play by the rules or say that they do one thing and they're actually not doing another.

So let's not encourage -- let's not make it so difficult to where you encourage to either fudge on the rules or not. I'd love it to just be a good level playing field to where everybody can play.

One other comments I wanted to make on the difference between urban and ex-urban. We have different ways we call urban, ex-urban, and rural. Why not just say if we're trying to make a fix for the --what was it earlier? It captured my attention. Oh, Debra, you brought it up.

MR. SCHOTTMAN: Affordable housing needs score?

MR. MENENDEZ: It had to do with the needs score and why not come up with a separate urban versus --

MS. GUERRERO: On the reconstruction.

MR. MENENDEZ: On the reconstruction. Yes. Why not come up with a different -- because one of the issues on the -- it was actually the municipal allocations as far as to get the full score.

If a small city or a small county can only afford X percent, why not -- say make it a percentage of their HOME dollars that they allocate to get a full score?

You know, we have to be a little more conscientious of the differences.

Texas is so diverse in terms of its municipalities. The same rules that apply in Harris County and Dallas County can't apply -- you can't expect to apply in Nueces County, down in Corpus, or down in the Valley. That's it. Thank you.

MR. SCHOTTMAN: Thank you. Any other comments on Underwriting guidelines?

(No response.)

MR. SCHOTTMAN: If so, we will turn to the comments away from sort of the housing production and housing-related issues to Community Affairs Division Program Rules. Again, I'm going to turn it over to Jesse Mitchell to discuss these items.

MR. MITCHELL: The Texas Department of Housing and Community Affairs Division program rules are produced by the Community Affairs Division and outline the proposed 2007 rules for programs that fund essential services, shelter and services to homeless persons or those at risk of homelessness.

Utility assistance, education, and weatherization repairs and activities. At the back of the room, we have copies of all of the proposed rules for all

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To:	Beth Anderson, Chairperson
	Michael Gerber, Executive Director
From:	Michael Hartman
Date:	September 6, 2006
Subject:	2007 Draft Real Estate Analysis Rules

Following are my comments on the draft rules released by the Department. In order to be brief, I will only address those rules that I believe should be modified. I will be happy to meet or conference with you at your convenience to expound on my comments and/or discuss alternative ideas and viewpoints.

1. Provision 1.31(a) states that the Department wants to "ensure the most efficient allocation of resources while promoting and preserving the public interest in ensuring the long-term health of the Department's portfolio." I think it best that the Department remember that we are faced with uncertainty on many fronts in developing affordable housing today: rapidly rising construction costs, utility costs, and operating expenses (such as the tripling of insurance rates in coastal counties). In times such as these, the Department should concentrate on the latter part of that quote by building more contingency in to its numbers and allowing for more credits per deal, which would generate more tax credit equity and require less debt, thereby ensuring the long-term health of the Department's portfolio. I would recommend that the Department adopt a rule similar to Michigan which allows a development to automatically apply for up to 5% additional credits in the year of cost certification. For instance, if a development is awarded $600,000 of tax credits by Michigan in 2006, Michigan will allow that development to automatically apply for an additional $30,000 of credits in 2008 if justified by the cost certification and the gap calculation.

2. Provision 1.32(d)(2)(I), Reserves – The annual reserve for new construction should be $200 per unit per year, unless specified higher in the loan or syndication commitments. My recommendation for $250 to the House Urban Affairs Committee was based upon an adoption of my proposed underwriting package as a whole, but was not offered as an ala carte menu from which the Department can pick and choose.

3. Provision 1.32(d)(3), Net Operating Income – change to read "If the Year 1 NOI figure…the Applicant's figure is characterized as reasonable and will be used in the Report. If the Year 1 NOI figure provided by the Applicant is not within 5%, then the NOI figure calculated by the Underwriter will be used in the Report." NOI is the bottom line figure used by lenders to size the debt; the components may be different, but if the two NOI figures are within 5%, then the Applicant's NOI should be used.

4. Provision 1.32(d)(5), Long Term Proforma – change to read "The Underwriter will create a 15-year operating proforma." This time period is the industry standard used by syndicators and lenders, and all references in the Real Estate Analysis rules to the time period covered by a proforma or projection should be 15 years.

5. Provision 1.32(d)(5)(A) – change to read "The base year projection utilized is the NOI determined under Provision 1.32(d)(3)." Change for consistency.

6. Provision 1.32(e)(3), Site Work Costs – the $7,500 figure has not been raised in years and should be raised to $10,000 per unit to account for an average 6% inflation for the last five years. As it now stands, everybody puts $7,500 per unit in the site work line item on the TDHCA development cost breakdown and puts the remainder in the construction costs. The syndicators, lenders and tax attorneys are given the real numbers, which average around $9,500 to $10,500 per unit, and they have no problem signing off on those numbers at construction loan and equity closing. However, no one wants to spend the extra money at application time to get the opinions required by TDHCA, so everybody lowers the number to $7,500 per unit. It's a silly game, and it needs to end by TDHCA raising the bar.

7. Provision 1.32(i)(1)(A)(ii) and (B)(ii) – the QAP mandates that certain maximum percentages apply to each unit type. Therefore, we cannot always fit our unit mix to match demand by unit type. Therefore, if the rule on Ineligible Building Types is not changed, then these provisions need to be eliminated, as the two rules are in conflict. Further, it has been proven that Applicants with all 3 bedroom and/or a mix of 3 and 4 bedroom units works and has actually rented up and been very feasible (see the old single family developments that were built in Houston with 1993 tax credits and my 2001 deal in Lubbock). None of these would be built under this new rule. The inclusive capture rate as presently constituted has worked well, so why change a rule that is not broke?

8. Provision 1.32(i)(2), Restricted Market Rent – as explained at the 2007 QAP roundtable, the overall election of 40% of the units being at 60% or less of AMI has nothing to do with actual rents. This election is to ensure that the units will qualify for tax credits, and every deal in the country elects 40/60 no matter what the actual rents are. You underwrite the development at the lesser of (i) the maximum tax credit rents, or (ii) 90% of the market rents. Just because you elect 60% AMI and are charging 40% AMI rents does not in and of itself make a deal unfeasible. This provision needs to be deleted.

9. Provision 1.32(i)(3), Initial Feasibility – this rule is arbitrary and capricious. Just because the projected operating expenses are greater than 65% of income does not in and of itself make a deal unfeasible. This provision needs to be eliminated.

10. Provision 1.32(i)(5), Exceptions – this provision needs to be eliminated. First, you don't need (A) if you remove Provision 1.32(i)(2). Second, (B) through (E) favor PHA and RD developments over conventionally financed developments and the Texas statute states that the rules are to be written so that no one type of Applicant shall be favored over another type of Applicant.

11. In Provision 1.33, delete all references to demand and capture rate by unit type and revert to the language for demand and capture rate found in the 2006 rule. This is to be consistent with the elimination of Provisions 1.32(i)(1)(A)(ii) and (B)(ii).

12. Provision 1.33(f) – change to read "Absent compelling written or other physical evidence to the contrary, the Department shall be bound by the opinion of the Market Analyst." Why are we required to spend $7,000 for a market analysis if the Department can ignore it in their sole and absolute discretion? If there is compelling, documented contradictory evidence (not hearsay), then put the evidence in the Report.

Thank you for your consideration of my recommendations.

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Akamai Investments, Inc.
1905 Carriage Club Drive
Cedar Park, Texas 78613
512-963-1363 ▪ 512-260-8855

August 29, 2006

Ms. Robbye Meyer
Texas Department of Housing and Community Affairs
Austin, Texas 78711

RE: 2007 Real Estate Analysis Rules and Guidelines

Dear Ms. Meyer,

After reviewing the draft for the 2007 QAP, the following is a list of the proposed changes which I think would be detrimental to the affordable housing program:

AUG 29 AM 8:20

Proposed §1.32 (d)(1)(A)(ii) Restricted Market Rent
Proposed §1.32 (d)(2)(I) Reserves
Proposed §1.32 (d)(4)(D) Acceptable Debt Coverage Ratio Range
Proposed §1.32 (c)(7) Developer Fee
Proposed §1.32 (d)(5) Long Term Proforma
Proposed §1.32 (i) Feasibility Conclusion
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)
Proposed §1.33 (d)(9)(E)(ii) and (iii) Timing of Demand from Turnover and Population Growth

With the current QAP restrictions and market conditions, it is already challenging to build affordable housing in Texas, with these proposed changes it will make it even more difficult. All of these proposed changes will increase the costs to the developer and decrease the financial feasibility of the development making it harder to acquire financing.

It is clear that the market shows a greater demand for affordable housing and by approving the above mentioned changes, it will be much more difficult for developers to develop affordable housing.

I strongly appose these changes. Please include my comments to the board and if you require anything further please feel free to contact me.

Sincerely,

Uwe Nahuina

September 18, 2006

HOGAN Real Estate Services

Ms. Elizabeth Anderson
3612 Asbury
Dallas, Texas 75205
214-521-4305 Fax

Mr. Shadrick Bogany
TDHCA
P.O. Box 13941
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Mr. Vidal Gonzalez, SVP
Lincoln Heights Branch
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210-824-3111 Fax

Mr. Norberto Salinas, Mayor
City of Mission
900 Doherty
Mission, Texas 78572
956-580-8669 Fax

Mr. Dionicio Vidal Flores
PEC Corporation
1710 Telephone Road
Houston, TX 77023
713-926-6366 Fax

RE: Written Comments requested by Chairman in Follow-Up to August 30th Board meeting verbal speech given during the Public Comment Period regarding Draft Changes to the Real Estate Analysis Rules and Guidelines for 2007.

USPS CERTIFIED MAIL RECEIPT RETURN 7004 0750 0004 4309 6823

Dear Madam Chairman:

At your request, I am following up my public remarks at the August 30 board meeting with specific examples to illustrate my concern that three of the proposed changes in the Financial Underwriting Criteria used for feasibility determination are punitive and serve to create additional BARRIERS to Affordable Housing Development. These criteria are as follows:

Proposed Major underwriting changes for Public Comment:

A-Proposed §1.32(d)(2)(I) Replacement Reserves:
Increase the Annual Replacement Reserve from $200/Unit to $250/Unit
UNDERWRITING IMPACT- this lowers the amount of Debt by lowering the NOI (Net Operating Income) available debt service.

B-Proposed §1.32 (d)(4)(D) Acceptable Debt Coverage Ratio Range.
Increase the Debit Service Coverage Minimum from 1.10 to 1.15.
UNDERWRITING IMPACT- this lowers the amount of Debt available to the project

C-Proposed §1.32(i) Feasibility Conclusion and §1.33(d)(9)(E) and (10)(D) and (10)(E) Demand and Capture Rate by Unit Type
Decreasing the Capture Rate for 100% to 50%
UNDERWRITING IMPACT- this could be ***FATAL*** to most projects and thus greatly lowering the number of qualifying projects for the LIHTC program.

In my opening remarks, I wanted to emphasize that my belief was that TDHCA had as part of its mission the responsibility to "Encourage the development and expansion of affordable housing in Texas". That being so, I was puzzled why TDHCA would increase the barriers that are already facing Affordable Housing in this state.
In reading through the 226-page document I find very few changes that would continue to "Encourage Affordable Housing". In fact it is just the opposite.

First, I want to give four (4) examples on the cumulative impact on underwriting of both **(A)-Increased Replacement Reserves** and **(B)-Increase in the Debt Service Coverage** (DSC) Ratio as proposed in the Rule changes.

In the following four (4) examples, I have assumed that the Project Construction Costs and the Operating costs are generally the same all over Texas and have used the TDHCA minimum thresholds. I am **ONLY** trying to measure the impact of the two issues at hand. What will change in these examples are the promulgated rents based on four declining area medium income averages.

The result is not favorable to the affordable housing development. The impact is a minimum reduction of debt amounts ranging from $737,000 to $990,000 for a typical 250-unit project. The higher medium incomes project will have its debt amount reduced by 5.20 % over current underwriting standards. The lower medium income projects will loose even a greater percentage of debt in the range of almost 5.60% less debt than under current underwriting standards. (SEE Example 1-4 attached)

This means that these underwriting criteria changes will only serve to **INCREASE** the infeasible rate by increasing the amount of deferred development fee inside the underwriting, and making the project less able to pay those deferral amounts back in the 10 yr or 15 yr. period underwriting selects, thus the project is **more likely** to be infeasible under TDHCA underwriting thus the project is dead!

To what end are these changes designed to protect? Designed to encourage? Designed to discourage?

Second, I want to comment in general to the remarks made by Mr. Darrell Jack regarding the proposed change of the current Capture Rate.

During the public comment section of the September board meeting, Mr. Darrell Jack of Apartment MarketData supplied the board with an analysis that showed 5 out of 6 successful projects reviewed by there company would not have been approved by the TDHCA underwriting department using the proposed 2007 capture rate rules. One of the five projects they studied was Willow Bend Apartments (San Antonio) and was developed by our company for Commonwealth Housing Corporation. This project leased even faster than I expected, completing its lease-up six months after we opened the first building.

Given this short lease-up period, there was demand in the market not accounted for by either the market analyst or the TDHCA underwriting department. Since the September board meeting, I have been working with both Apartment MarketData and the TDHCA to identify from where these residents originated. The answer surprised us all.

Based on the culmination of our lease data, we found that 40% of the residents were previously living within another household. Only 53% of the demand for Willow Bend's units came other rental properties.

Owners	**13**	**5.2%**
Renters	**131**	**52.6%**
Living in another HH	**101**	**40.6%**
Katrina	**1**	**0.4%**
Employees	**3**	**1.2%**
TOTAL	**249**	**100.0%**

From this information, we see considerable pent-up demand in the market for "affordable" units. With the construction of Willow Bend Apartments, there are now at least 100 households that could not find acceptable housing in the market now living at our community. Under the proposed capture rate changes, **NO WILLOW BEND.**

In summary, my point is that if the mission of TDHCA is to make access to affordable housing a dream come true for thousands of Texas citizens who need a financial "leg up", then there is no compelling reason to create these additional hurtles to project underwriting beyond the current rules. It is not broken!!

Very Sincerely,

Michael A. Hogan
President

Attachments
Example 1-4

Example One

AMI **$55,300 Austin**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	632	$637,056		$637,056
Unit 2BR/2B	84	759	$765,072		$765,072
Unit 3BR/2B	84	876	$883,008		$883,008
Total Units	252		$2,285,136		$2,285,136
Other Income (TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$2,330,496		$2,330,496
Vacancy	7.5%		($174,787)	7.5%	($174,787)
Adjusted Gross Income			$2,155,709		$2,155,709
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintenances	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
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Mortgage Constant	0.066864061				
Mortgage Amount			$19,030,590		$18,039,311
Assumptions:					
	Amount of Mortgage Reduction			$991,280	5.21%

No Property Tax
No Utility Allowances
Equal Mix
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$2,800/Unit Expenses w/o Taxes and Reserves

Example Two

AMI **$53,100 Bexar**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
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Unit 3BR/2B	84	828	$834,624		$834,624
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Mortagage Constant	0.066864061				
Mortagage Amount			$17,445,964		$16,523,581

Assumptions:

Amount of Mortgage Reduction		$922,383	5.29%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes and Reserves

Example Three

AMI **$48,800 Killeen**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	549	$553,392		$553,392
Unit 2BR/2B	84	658	$663,264		$663,264
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Adjusted Gross Income			$1,876,921		$1,876,921
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General Admin Costs	20%				
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NOI available for Debit Service			$1,019,019		$963,758
Mortagage Constant	0.06686406				
Mortagage Amount			$15,240,164		$14,413,686

Assumptions:

Amount of Mortgage Reduction $826,478 5.42%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes
and Reserves

Example Four

AMI **$44,600 Anderson**

Unit Type	# OF UNITS	Monthly Rental	Annual Rental	2007 TDHCA Underwriting	Annual Rental
Unit 1BR/1B	84	504	$508,032		$508,032
Unit 2BR/2B	84	604	$608,832		$608,832
Unit 3BR/2B	84	699	$704,592		$704,592
Total Units	252		$1,821,456		$1,821,456
Other Income(TDHCA LIMIT)	252	$15.00	$45,360		$45,360
Gross Income			$1,866,816		$1,866,816
Vacancy	7.5%		($140,011)	7.5%	($140,011)
Adjusted Gross Income			$1,726,805		$1,726,805
Op Expenses (TDHCA Min)					
General Admin Costs	20%				
Management Fee	5%				
Payroll & Payroll Expense	10%				
Repairs and Maintence	20%				
Utilities Expense	30%				
Water Sewer Trash	30%				
Property Tax	0%	$2,800	($705,600)		($705,600)
Replacement Reserves	$200	$200	($50,400)	$250	($63,000)
Total Expenses					
Net Operating Income(NOI)			$970,805		$958,205
Debit Service Coverage	1.10			1.15	
NOI available for Debit Service			$882,550		$833,222
Mortagage Constant	0.066864061				
Mortagage Amount			$13,199,166		$12,461,426

Assumptions:

Amount of Mortgage Reduction		$737,739	5.59%

No Property Tax
No Utility Allowances
Equal Mix
Same Mortgage Constant
$2,800/Unit Expenses w/o Taxes and Reserves

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2006 STATE OF TEXAS

PUBLIC HEARING

Bazan Public Library
2200 W. Commerce
San Antonio, Texas

September 22, 2006
11:10 a.m.

BEFORE:

STEPHEN SCHOTTMAN, TDHCA Team Leader of Research and Planning Policy and Public Affairs
JESSE T. MITCHELL, TDHCA Manager, Community Services
BRENDA HULL, TDHCA Real Estate Analysis

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC, Executive Vice President

Brenda Hull will be discussing these particular items. I'll turn it over to you, Brenda.

MS. HULL: Hello. I'm Brenda Hull from the Real Estate Analysis Division of TDHCA and the real estate analysis rules cover all the items Steve just listed. They relate to looking at the proposed development's financial feasibility and economic viability. If you have any questions about the rules or guidelines or any of the program, you can contact Lisa Vecchietti (512)475-3227 or myself, Brenda Hull, (512)475-3357.

MR. SCHOTTMAN: And I do have a witness affirmation form for a Mr. Hogan. I think you wanted to talk on the real estate rules.

MR. HOGAN: I did.

MR. SCHOTTMAN: Okay.

MR. HOGAN: I do. Still do.

MR. SCHOTTMAN: Great.

MR. HOGAN: My name is Mike Hogan, Hogan Real Estate Services. I'm here to comment particularly on this. I'm going to submit it in writing to you on three issues, two that I can really speak to authoritatively because this is what I do is the reserve replacement -- changing it from $200 a unit to $250. And the debt service coverage from 110 to 115 debt service coverage.

Also I want to talk about capture rates but I want to talk about the first two first because those I'm very familiar with. Capture rates I have to default to my market guy but I will make a couple comments on that.

To those who don't do underwriting, these appear to be a little obscure and not a big change but the reality is it's a major change. I made additional comments to the TDHCA Board on the August 20 meeting and Beth Anderson asked me to submit some examples in writing, which I've done, and I'm going to leave these here with you also because these went on to Ms. Anderson and she asked me to copy all the Board members. So I'm going to give you a copy of what I did submit.

And on the front of it is also a letter from Representative Menendez, who didn't think he could make this meeting today, because he was copied on this and he understands the importance of these comments.

The impact -- I ran some examples. I ran four examples in four different median income areas. I assumed that the expenses were pretty much the same. Really what's going to change in these examples is really the income in debt service and reserves, those together because they happen at the same time. They're not independent of each other. They're the same underwriting.

And what I saw was that for anywhere from $737,000 to $990,000 in debt loss, shrinkage, occurs by integrating these into these formulas. Now, it even gets worst because the low median income areas really get hurt the worst because the really is they have less net operating income to deal with.

They have less rents. They've got about the same expenses. So they really get whacked. So it's really hurts everything first of all. It hurts the Affordable Program. Not even sure why we're even considering this to tell you the truth.

In the handout, it says that you're considering the change because of the National Council of State Housing Agencies, whoever the heck they are. Well, they're not here in the state of Texas and to apply something on a national basis, one size fits all, I don't think is a reason to change things. So I kind of want to yell down here, Look, we've got enough hurdles out here in this industry to overcome and at a time when you have rising interest rates -- they have been rising. I think they're going to flatten out just a little bit -- but we've gone from fairly low interest rates back up to a little higher interest rate plateau.

Real estate taxes haven't subsided in these areas for most municipalities. Utility allowances are escalating, at least they are in this area this year. You just have all these things that are impacting the underwriting as it is. To add this to the mix doesn't seem to make sense to me at this point.

It's harmful across the board and it -- you've got insurance problems down close to the coast. The closer you get to Louisiana, those guys are wondering how the heck they're going to get insurance to underwrite these numbers any way. So I don't see this encouraging or helping affordable housing. I see it as the opposite.

So I would like to leave the things the way they are at this point. I vote to lower them but that's a separate issue. But as far as increasing them -- well, I would in some areas. Not here in San Antonio, but if you're a small community and you're trying to attract housing, you could you some help in some of these underwriting criteria.

Do away with the seven and a half percent vacancy. At least give them seven market. I mean when you add all these little things up, it lowers the debt that they can attract. When you lower the debt, you increase the deferred developer's fee which is the buffer that operates all of this and if you do it too far, then the project itself can't pay back that deferred development fee from cash flow and TDHCA is going to say this is not a feasible project.

And that's the way it works. So you need to attract a reasonable amount of debt to a project. So that's really what this is all about. So I'm here to say leave the debt service coverage alone, leave the reserve alone. The market out -- the guys buying the bonds and stuff with their [indiscernible] appraisers are going to drive that anyway. So why do it when you're trying to allocate tax credits?

So the third issue is the capture rate. First one to tell you I have never understood the capture rate. I've left it to the guys who do the market study. I'm not an authority on it but Darrell Jack here in San Antonio, Apartment Market Data is one of the tops in the industry. And he did -- took six projects that he had done market studies for and have all been built and have all been successful. It so happens that one of the ones he picked was one that we built, one called Willow Bend.

And had you used the capture rate analysis that you're proposing now, Willow Bend would have never made the cut. And Willow Bend now has 250 families. We leased it. From the time we finished the first building, which was in January of this year, until it was fully leased and 100 percent certified, was June. Six months. That's an incredible velocity. I was pushing the contractor to get the buildings ready.

So there's a big demand at least in our area and to change the capture rate to impact that doesn't -- again that doesn't seem to be what we should be doing right now. Again, leave what seems to be working -- I know -- I think Darrell is working with the Underwriting Department to try to work through this and use examples and I support whatever they come up with but it appears to be broken if you go with what you've got now and that doesn't seem to be encouraging to me.

Thank you very much and I'm going to submit this in writing. Yes?

MS. HULL: I have question --

MR. HOGAN: Sure.

MS. HULL: -- about the three geographic areas that you talked about.

MR. HOGAN: Four, actually.

MS. HULL: Are those identified in the write-up?

MR. HOGAN: They are.

MS. HULL: Okay. Because it would be helpful for us to be able to look at proposed --

MR. HOGAN: Right. And I know there's a bunch of moving pieces and you know there are too but you know the reality is labor and construction costs and stuff pretty much are the same all over Texas. I can't buy lumber than they can somewhere else. So if you just freeze those things and just look at the impact of those two items in the absence of everything else, it's pretty dramatic. Very dramatic and I used Austin at 553. I used Bexar County. I'm familiar with that one, 531. I used Colleen at 488 and I used Anderson at 446 just as examples and the lower you went -- the lower median income, of course, you get lower promulgated rates and you just have less in the line to work with.

So it's really a more impact I think on the smaller community, which is typical. Every time you try to make one size fit all that's usually who takes the hit. Who do I submit this to?

MS. HULL: I'll take that.

MR. HOGAN: Okay.

MR. SCHOTTMAN: Thank you very much.

MR. HOGAN: Thank you. And I know there's going to be more contingency coming to Austin from Bexar County. Not everybody could make this meeting so you'll probably see some faces at the Austin meetings. Thanks very much.

 (66)

Lisa Vecchietti

From: Lisa Vecchietti [lisa.vecchietti@tdhca.state.tx.us]
Sent: Thursday, November 02, 2006 10:59 AM
To: 'Lisa Vecchietti'
Subject: FW: Public Comment - 2007 Real Estate Rules and Guidelines

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From: Darrell Jack [mailto:djack-amd@satx.rr.com]
Sent: Thursday, October 12, 2006 1:51 PM
To: brooke.boston@tdhca.state.tx.us
Cc: kirt02@hotmail.com
Subject: Public Comment - 2007 Real Estate Rules and Guidelines

Brooke:

Please include the following statements in the public comment for the 2007 Real Estate Rules and Guidelines.

Currently the population must be limited to 100,000 for a Primary Market Area (PMA) for Urban and Exurban Family projects.

I am recommending that the market analyst be allowed to use a Secondary Market Area (SMA) with a population limited to 250,000 for Urban/Exurban Family projects. I am basing this recommendation on two lease audits conducted by Apartment MarketData for two income restricted projects - Eagle Ridge and Willow Bend. The audits show that only 50-55% of tenants previously resided within the PMA.

Thank You,

Darrell G Jack

Darrell Jack <djack-amd@satx.rr.com> wrote:

Beth:

You have not heard from me since the last board meeting as I have been working with Tom Gouris to model the impact the Real Estate Analysis rule changes will have for 2007. If you recall, my presentation at the last board meeting modeled 6 projects previously approved by the TDHCA underwriting department. The analysis showed that 5 of the 6 projects would not have been recommended by staff if the proposed rule changes had been in effect. My work this past month has both Tom Gouris and Brenda Hull largely agreeing with this conclusion.

I also performed a lease audit on two projects developed by Mike Hogan, Willow Bend and Eagle Ridge Apartments (San Antonio). Willow Bend, you recall, was the project that leased-up in 6 months but would not have been recommended due to the capture rate by unit type. The lease audit revealed that only 50% of the residents lived within the Primary Trade Area prior to moving into Willow Bend. The audit also showed that only 53% of the units where filled by current renter households. The most surprising part of the audit was that 40% of the residents were previously living within another household (i.e. child w/ parent, parent with adult child, etc.). This source of demand caught both Tom and myself off guard. The lease audit for Eagle Ridge was amazingly similar.

Even with these results, Tom is convinced that there needs to be a capture rate by unit type included in the underwriting assessment for 2007. My concern about this change has several parts. First, the underwriting department did not model what affect these changes would have on the affordable housing program prior to recommending the changes for 2007. It is likely that they would not have done any modeling if I had not made my presentation at the last board meeting.

Second, even after largely agreeing with my conclusions, they are pressing forward with a capture rate by unit type. To date, neither Tom nor myself have modeled enough projects to know at what level the capture rate percentage could be set at without negatively affecting the program.

Third, Tom believes that the TDHCA Board expects a continuing refinement of the market analysis. In affect, he wants to continue to quantify as much of the demand analysis and thus eliminating the "art" of evaluating rental demand. That might be fine if every project operated in exactly the same environment, but we know that what might be true in Dallas does not necessarily apply in Pecos.

Additionally, my review of the major cities in Texas shows that, with few exceptions, any overbuilding of affordable units would be addressed by the current capture rate rules. Additionally, forcing a developer to modify a project's unit mix based on current market conditions is not good policy, as markets are continually changing.

If possible, I would like for Craig Young (O'Connor & Associates) and myself to sit down with you to show you how all these numbers fit together. Together, we believe that there will be unintended consequences detrimental to the future of affordable housing in Texas. I know that you are currently busy with election matters. If you would agreed to meet with us, we would come to Dallas at your convenience.

Sincerely,

Darrell G. Jack
Apartment MarketData
(210) 530-0040

APARTMENT
MARKET DATA, LLC
CONSULTANTS, ECONOMISTS, ANALYSTS

October 6, 2006

Board of Directors
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Public Comment
2007 Real Estate Analysis Rules and Guidelines

Greetings:

I am wring to you in opposition of several proposed rules changes for 2007. The rule changes that I will speak toward are:

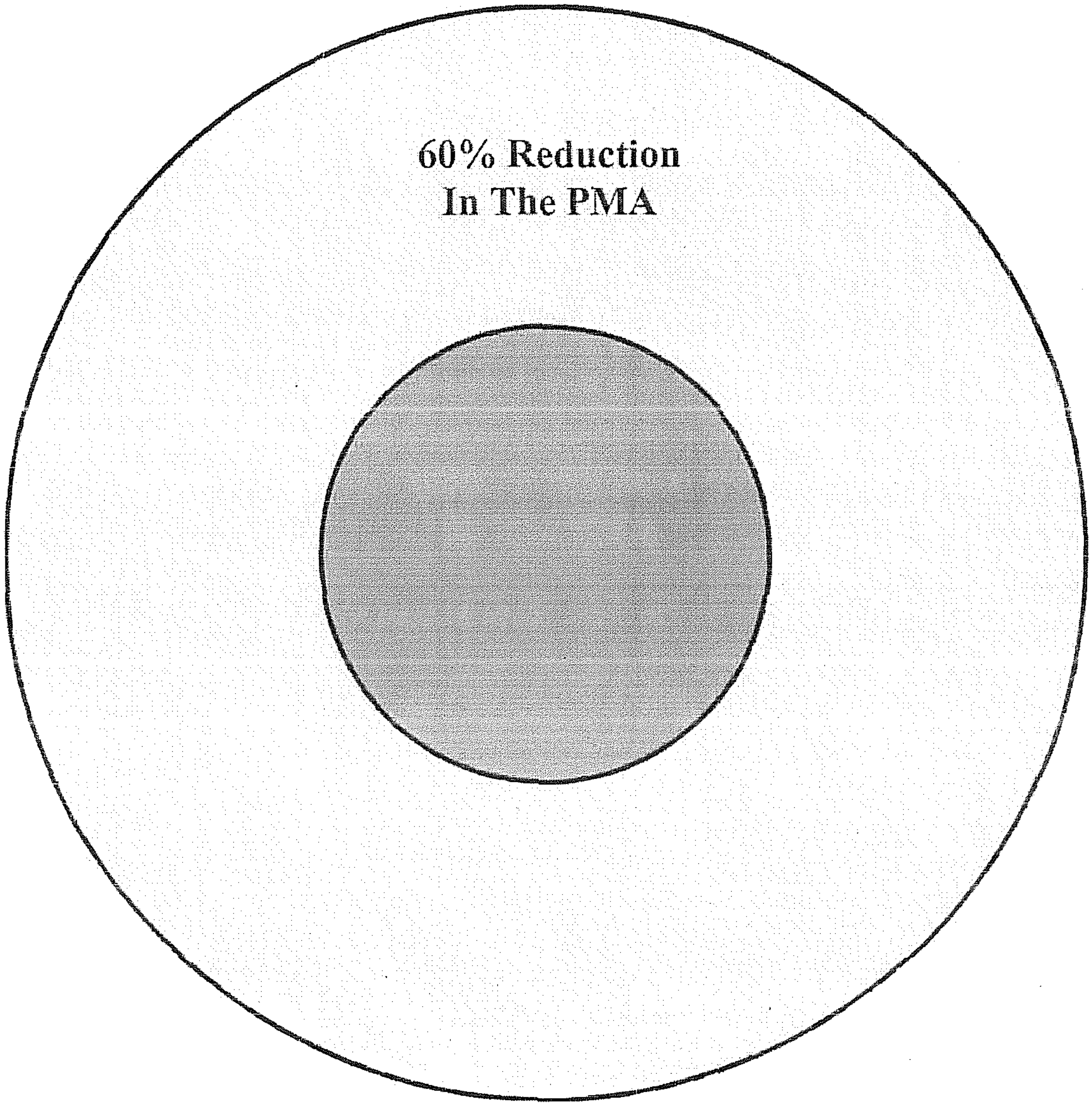
1. Reduction of the capture rate for rural and senior (urban) projects.
2. Restricted Market Rents less than program maximums making a project infeasible.
3. Demand and capture rate by unit type.

Background

Through the changes to the Real Estate Analysis Rules and Guidelines implemented over the past several years, the business of providing "affordable" housing has become increasing difficult. No doubt, the intentions of the changes were well intended and based in a desire to further refine the means by which demand for "affordable" housing would be calculated. However, these changes continue to strangle the neck of "affordable" housing.

The first major change for market analysts was to restrict the Primary Trade Area (PMA) based on population limits, rather than the market analyst's knowledge of the area. The first change limited the PMA in urban and rural areas to a population of 250,000. Then for 2006, the PMA was further restricted for urban-family projects to a population of 100,000. This was a reduction of the PMA by 60%.

45 NE Loop 410, Suite 200 San Antonio, Texas 78216
(210) 530-0040 Fax (210) 340-5830



Apartment MarketData recently performed lease audits of the original residents for Willow Bend and Eagle Ridge Apartments (San Antonio, TX). These audits showed that only 50 to 55% of the project's residents came from within the PMA.

As these changes pertain to the changes proposed for 2007, capture rate has everything to do with the size of the PMA.

Reduction of the capture rate for rural and senior (urban) projects

The proposed changes of the capture rate for rural, elderly or special needs decrease the capture rate from 100% to 50%. Effectively, this reduces the PMA by 50%.

The affect this change will have is significant. A lower capture rate means fewer units can be placed in a market. Fewer units means a lowered financial feasibility. A lowered financial feasibility means developers will not attempt to do senior projects or projects in many of the rural areas of the state that desperately need new, affordably price housing.

Some of the rural / senior deals approved for 2006 that would not have been recommend for funding are as follows:

NAME	CITY	DESCRIPTION	CAP RATE
Oak Timbers	Ft. Worth	Urban – Senior	57%
Country Lane Srs.	Waxahachie	Urban – Senior	54%
Knightsbridge	Aldine	Urban – Senior	94%
Reed Road Srs.	Houston	Urban – Senior	58%
Orchard Park	Houston	Urban – Senior	62%
Picadilly Estates	Pflugerville	Urban – Senior	74%
Grand Reserve	Temple	Urban – Senior	98%
Mansion at Briar Ck.	Bryan	Urban – Senior	57%
Vista Pines	Nacogdoches	Rural – Senior	59%
Pembrooke Court	Gatesville	Rural – Family	66%
Alta Vista Srs.	Weslaco	Urban – Senior (Rehab.)	79%
Mission Palms	San Elizario	Rural – Family	55%

All told, these 12 properties account for $11,129,315 in tax credits.

Restricted Market Rents less than program maximums making a project infeasible

The proposed changes will determine that a project is <u>infeasible</u> if the project's rents are less than program maximums and market rents. The idea is that this situation indicates a market is oversupplied with "affordable units".

Let's look at a specific example.

The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis and Williamson Counties. The Area Median Income (AMI) for the Austin MSA has changed each year since 2000. The highest reported AMI was in 2002. At such time, the maximum program rents were establish. However, the AMI dropped significantly in 2003 while the maximum program rents were never adjusted.

Max. 60%	AMI	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm
2000	$58,900	$662	$795	$918	$1,024
2001	$64,700	$728	$873	$1,009	$1,126
2002	$71,100	$800	$960	$1,109	$1,237
2003	$66,900	$800	$960	$1,109	$1,237
2004	$66,900	$800	$960	$1,109	$1,237
2005	$67,300	$800	$960	$1,109	$1,237
2006	$69,600	$800	$960	$1,109	$1,237

The result of not adjusting the maximum program rents ended up with program rents that were equal to or above rents that could be proven in the market.

Today, many of the "affordable" projects within Austin have yet to catch up to the maximum program limits. This is due in part to the term of resident leases. As time goes by, owners will certainly raise rents as leases expire and market conditions warrant.

As first stated, the idea for this change is that this situation indicates a market is oversupplied with "affordable" units. At the same time, our survey of "affordable" projects occupancy is contrary to this statement. Our survey of 7,806 units indicates an average occupancy 93.4% citywide. Additionally, no individual unit type by AMI is less than 91.9% occupied (See Table Below).

Another affect that this rule will have is to exclude many of the outlaying areas from future development. As stated previously, the Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis and Williamson Counties. In no way are the incomes earned or rental rates homogeneous throughout the entire MSA. The following thematic map shows very clearly the differences in the area median income. Especially impacted will be Bastrop and Caldwell Counties (See Following Map).

Furthermore, the proposed rule will force developers to locate projects in more affluent neighborhoods were higher market rents are provable. Lower income neighborhoods which may have a greater demand will be excluded based on lower market rents in the surrounding area.

		Austin		
Unit Type	Unit Descr.	# of Units	Occupied Units	Occupancy %
1 Bdrm	30%	69	68	98.6%
1 Bdrm	40%	74	69	93.2%
1 Bdrm	50%	491	464	94.5%
1 Bdrm	60%	929	864	93.0%
1 Bdrm	MKT	105	95	90.5%
2 Bdrm	30%	87	86	98.9%
2 Bdrm	40%	45	43	95.6%
2 Bdrm	50%	1,174	1,091	92.9%
2 Bdrm	60%	1,977	1,853	93.7%
2 Bdrm	MKT	209	198	94.7%
3 Bdrm	30%	28	28	100.0%
3 Bdrm	40%	20	20	100.0%
3 Bdrm	50%	640	588	91.9%
3 Bdrm	60%	1,305	1,214	93.0%
3 Bdrm	MKT	159	150	94.3%
4 Bdrm	30%	6	6	100.0%
4 Bdrm	40%	8	8	100.0%
4 Bdrm	50%	123	114	92.7%
4 Bdrm	60%	310	288	92.9%
4 Bdrm	MKT	47	41	87.2%
Overall	30%	190	188	98.9%
Overall	40%	147	140	95.2%
Overall	50%	2,428	2,257	93.0%
Overall	60%	4,521	4,219	93.3%
Overall	MKT	520	484	93.1%
TOTAL		7,806	7,288	93.4%

Legend

- Site
- Custom Boundary
- Highways
- Highways
- County Boundaries
- State Boundaries

Copy of 2005 Median Household Income by Block Group

- $250,000 To $500,000
- $150,000 To $250,000
- $100,000 To $150,000
- $75,000 To $100,000
- $60,000 To $75,000
- $50,000 To $60,000
- $40,000 To $50,000
- $30,000 To $40,000
- $20,000 To $30,000
- $0 To $20,000

Site Coordinates

Longitude/X: -97.759159
Latitude/Y: 30.254891

N

0 15 30

Miles

APARTMENT MARKET DATA
Consultants, Economists, Analysts
45 NE Loop 410, Suite 200
San Antonio, Texas 78216
(210) 530-0040

Print Date: 10/6/2006

Data Source: Applied Geographic Solutions (AGS)

Demand and capture rate by unit type

Many times change brings with it unanticipated consequences. The proposed rule change to include a capture rate by unit type is one of these changes.

Apartment MarketData modeled the affect the proposed change would have on the underwriting of "affordable" projects going forward. We modeled six projects serving a variety of residents. These include urban family and senior projects and rural family and senior projects. The results concluded that 5 of the 6 projects would not have been recommended for funding.

One project that would not have been recommended was the Willow Bend Apartments (San Antonio). Willow Bend successfully leased-up in six months. That equates to an average of 42 units occupied per month. The reason this project would not have been recommend is due to the fact that the capture rate for the two and three bedroom units would have exceeded the 50% establish by the proposed rule.

In the case of Meadowlands and Costa Valencia, the number of units would have been reduced to 137 and 114 units respectively. At that point both projects become financially infeasible. The affect this had overall was to reduce the maximum capture rate from 25% to 10-11%.

Since the August board meeting, Apartment MarketData has been working with Tom Gouris to model the impact the Real Estate Analysis rule changes will have for 2007. Our work this past month has both Tom Gouris and Brenda Hull largely agreeing with this conclusion. Even with these results, Mr. Gouris is convinced that there needs to be a capture rate by unit type included in the underwriting assessment for 2007.

My concern about this change has several parts. First, the underwriting department did not model what affect these changes would have on the affordable housing program prior to recommending the changes for 2007.

Second, even after largely agreeing with my conclusions, they are pressing forward with a capture rate by unit type. To date, neither Tom nor myself have modeled enough projects to know at what level the capture rate percentage could be set at without negatively affecting the program.

Third, Tom believes that the TDHCA Board expects a continuing refinement of the market analysis. In affect, he wants to continue to quantify as much of the demand analysis and thus eliminating the "art" of evaluating rental demand. That might be fine if every project operated in exactly the same environment, but we know that what might be true in Dallas does not necessarily apply in Pecos.

My review of the major cities in Texas shows that, with few exceptions, any overbuilding of affordable units would be addressed by the current capture rate rules. Additionally, forcing a developer to modify a project's unit mix based on current market conditions is not good policy, as markets are continually changing.

Conclusion

As I believe I have shown, these three proposed rule changes for 2007 will impede, if not strangle, the development of "affordable" housing within the State of Texas. In the case of Willow Bend Apartments, 250 families now have a rent that they can afford in a modern development. And up until the time Willow Bend opened, 101 of those families were living within someone else's home.

How many seniors will not find an affordable place to live as developments are rejected base on an arbitrary number chosen for the capture rate?

If the TDHCA's mission is to assist the residents of Texas by facilitating the development of affordable housing throughout the state, then you have to reject these rules outright. Furthermore, before such rules are ever implemented, the TDHCA should adequately model and be able to predict the impact such rule changes will have on the program.

Thank you,

Darrell G. Jack
President

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSOLIDATED PUBLIC HEARING

900 North Shoreline Blvd.
Corpus Christi, Texas

September 21, 2006
3:50 p.m.

BEFORE:

ERIN FERRIS, TDHCA Housing Specialist

ALSO PRESENT:

DAVID B. BROWN, ORCA Representative
KATHERINE CLOSMANN, TSAHC, Executive Vice President
ROBBYE MEYER, TDHCA Director of Multi-Family Finance
PATRICIA MURPHY
LISA VECCHIETTI

I just want to let know that I realize there's a couple of major changes. We tried not to make that many but the way things went this year we did. Obviously, the market analysis rule section as it relates to underwriting and the capture rate, I'm sure you guys are interested in that, and how we're going to be looking at possibly changing over to inclusive capture rate by bedroom type and set-aside.

And also the infeasibility criteria section -- are the two major ones that I can think of. Again, please make your comments and we'll listen to everything. But if you have any questions, just come find me afterwards. Thank you.

MS. FERRIS: Thank you very much. Is there public comment?

AUDIENCE: [indiscernible]

MS. FERRIS: Have you -- and that's your form? Great. Thank you.

MR. IPSER: My name is Edward Ipser, market analyst. There's a clear and concise definition of the primary market area, which is logical, is also a definition of the secondary market area, which is again logical. But that secondary market area is still limited to geographic reason around the proposed site.

This is, I think, restrictive of what we have been finding in some survey work we have been doing. Working with TDHCA staff, we initiated a survey and what I have are some preliminary results right here which are mostly rural, fitting this group, and some comments from urban areas also.

But what we're finding is that about 51 percent come from the immediate market area, the primary market area. Another ten percent come from a much larger surrounding area and then that leaves about 38 percent that come from outside the market area, which can be out of state, which you're told not to include in the second market area. That would have to be in the demand from other sources group then. So the demand from other sources is not very open as far as what definitions can be included in that.

So -- and that 38 percent can also include homeowners, which in the case of elderly -- we have not been able to include. We have only be restricted to using potential renters. We're finding that about ten percent or more are homeowners moving into TDHCA properties and then there another 18 to 20 percent that are living with family.

And of course these things somewhat vary with different regions -- whether you're talking about the lower Rio Grande Valley or Central or North Texas. So we'll have to learn to adjust these things a little bit but we do need some method of being able to include people from outside the immediate, primary, and secondary market area, from home ownership, and from living with family.

And home ownership and living with family also go from the immediate area to the out-of-state and beyond the secondary market area. So we need some way for the definitions to be open to include that in the demand analysis.

MS. FERRIS: Thank you very much for you comments. Is there further comment on this? Mr. Sugrue?

MR. SUGRUE: Thank you so much. You are calling me by my name. I want to make comment about the feasibility of properties that cannot obtain full low-income housing tax credit rents.

In many rural communities, that's impossible. That means you're red-lining these communities. Can't be done and also, since they didn't address it, the capture rate, 50 percent in rural communities, is a little too low as well. We need to find some happy medium in there also. Thank you.

MS. FERRIS: Thank you for your comments. Mr.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
2006 STATE OF TEXAS

Wednesday, August 30, 2006
Capitol Extension Auditorium
State Capitol
1100 Congress Avenue
Austin, Texas

PRESIDING:

BETH ANDERSON

BOARD MEMBERS PRESENT:

VIDAL GONZALEZ
C. KENT CONINE (Vice-Chair)
MAYOR NORBERTO SALINAS
SHADRICK BOGANY
SONNY FLORES

STAFF:

MICHAEL GERBER, Executive Director

MR. CONINE: Were they speaking on QAP?

MS. ANDERSON: No. It is draft underwriting market analysis, 5A.

MR. CONINE: Okay.

MS. ANDERSON: Okay. And then I have a witness affirmation form from the brand new president of TAP, and it is kind of hard to read which Agenda Item he wants to speak on.

MR. MCDONALD: 5H of the QAP.

MS. ANDERSON: 5H? Okay.

MR. CONINE: Right.

MS. ANDERSON: And then, Mr. Jeff Spicer.

MR. SPICER: I would like to speak on the real estate analysis rules and specifically address the capture rate. What I would like to propose is looking at a capture rate that differentiates the urban and exurban.

We have discussed a long time some problems in getting developments, really, in exurban areas outside of the major metropolitan areas that are growing rapidly. And one of the problems there is as Tom has noted earlier there are quite a bit fewer apartment units in these exurban areas.

And what I would like to propose in looking at, is looking at a 50 percent capture rate in exurban areas, but having that capture rate based solely on household growth in the area, and not renter turnover. I think as a Board, what you want to see is, you don't want to cannibalize units. And we have talked about having too many units in other areas, and cannibalizing other deals.

What we really need to look at is, population growth in these outlying areas, that we can get, really truly get new developments in areas outlying the MSA. And right now, our capture rate calculations and definitions are preventing us from doing that.

So I think a 50 percent capture rate based solely upon household growth, I think would give us really a good approximation of what I believe the Board has been trying to do for a while. And I would like to make that proposal, and have that in the draft real estate analysis rules.

I also want to make a comment on the real estate capture rate as it relates to the bedroom type. And I see a disconnect in the QAP, and specifically, the ineligible building types, where we have a prescribed number of units that we have to put in the projects that we are doing.

And the capture rate that we are trying to get, on a per unit type basis, if you are going to tell us that we have to do, have to meet what is out there in the market, on one hand, and do that in the market analysis section, under real estate rules and then prescribe a polling unit mix in the ineligible building type, there is a potential disconnect that these two will not meet.

And I think it is either one or the other. Either tell us in the ineligible building types what we need to do, or tell some of the market analysis what we need to do. Thanks.

MS. ANDERSON: Thank you. That is the end of the public comment for this item. Are there questions?

MR. CONINE: Yes. I have one or two. I presume those comments that we just heard from Jeff and the others, somebody is taking those down and when these things come back a couple of months from now, we will kind of have a smorgasbord of things to look at. Okay.

MR. GOURIS: Yes, sir.

MR. CONINE: Because he is right about that point, by the way. Tom, we had a case not too long ago where we had a discussion about a property tax number that took into consideration the new legislation that was passed by the state Legislature in property tax reduction and so forth. And I think your comment at that time was,

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Presentation, Discussion and Possible Approval of the Draft Asset Resolution and Enforcement Rule for publication in the *Texas Register* to receive public comment.

Requested Action

Approve, reject, or approve with modifications the Draft Asset Resolution and Enforcement for publication and public comment in the *Texas Register*.

Background and Recommendations

TDHCA discussed compliance performance, asset management, loan portfolio performance and land use restriction agreements currently in place to determine the effectiveness of existing efforts by the Department in managing the assets and programs entrusted to the Department.

Generally, the staff believes that in most cases, the current policies and rules provide an ability to appropriately assure the public that the programs are delivering the intended benefits to the appropriate recipients. The staff also believes that most people who are administering programs or have received benefits under those programs are meeting the requirements as outlined in their specific agreements with the Department.

There are however, a small number of beneficiaries, awardees, contractors, administrators, or companies with whom the Department has a legal relationship that either elect not to, or are simply unable to comply with the agreements they made with TDHCA.

Currently, any agreements that require additional scrutiny are looked at independently, or through the relevant internally established committee to review the circumstances and recommend a course of action. The recommendations can vary, but in some cases, the actual need for resolution is beyond the Department's current allowable rules. In addition, many actions require the Office of the Attorney General to assist the Department and due to limited resources the action may not be addressed as quickly as the Department would prefer. Given the current policies and rules, this can lead to a form of holding pattern where no additional action can be taken and the community is not receiving the benefits expected when funding was made and the Department does not have any ability to further compel action.

Staff has developed the attached rules to streamline and centralize the asset resolution and enforcement process and to fill in where gaps were determined to exists in our ability to protect the interests of the public served and the meeting the requirements set forth by rule, policy and statute.

In addition to relevant administrative and definitions sections, the rules can be classified into four general areas:

1. Actions related to Homeownership where the Department holds a mortgage for a single family home through one of our loan programs. Potential actions would be workouts, restructurings and if no other course of action could correct the problem, deed in lieu of foreclosure, involvement in bankruptcy, debt forgiveness, or foreclosure.

2. Actions related to Multi-family properties where the Department has either a loan that is not being repaid or a Land Use Restriction Agreement that is not in compliance. Here the Department is requesting the authority to perform a workout, foreclose, provide administrative penalties for non-compliance, and/or obtain a legal resolution through the courts. In this case, persons responsible for creating the issue may be debarred from receiving future funds from the Department. A debarment for a related third party could also be the result of this process. A chart of potential actions begins on page 6 of 12 of the attached rules.

3. Actions related to failure to adequately administer a contract awarded by the Department. Here the Department has identified key areas where failure to adequately perform could lead to administrative penalties, loss of administrative funds, a rescission or reduction in contracts or debarment from future participation. A chart of potential actions begins on page 9 of 12 of the attached rules.

4. Debarment procedures. The rule provides a mechanism to limit future participation in awards from the Department by those whose actions have been judged by the Department to have been performed in an egregious manner.

The rule also contains provisions outlining the right to notice and appeal.

Staff Recommendation: **Staff recommends approval of the Draft Asset Resolution and Enforcement Rule to be published in the *Texas Register* for public comment.**

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES

10 TAC §1.20 Asset Resolution and Enforcement

(a) Purpose. The purposes of this section are:

(i) to provide guidance to interested parties on potential actions available to the Department when a party that has obligated itself to carry out a contract or construct or operate an asset is not performing or operating according to the agreed upon terms and

(ii) to establish appropriate procedures to implement the general policy of requiring compliance with all contractual undertakings made in connection with the receipt of funds or other support provided by the Department pursuant to the various state and federal programs that it administers.

(b) Definitions

(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) Asset--A property covered by a LURA, Contract, grant agreement, or Commitment or any other property acquired, improved, or subsidized, directly or indirectly, in whole or in part with funds provided by any program(s) administered by the Department.

(4) Audit--An audit required to be performed by a third party or performed by the Department relating to a Contract.

(5) Board--The Governing Board of the Department.

(6) Commitment--A legally binding agreement between the Department and another party providing for funds, tax credits, or other financial support.

(7) Compliance Monitoring Fees--The fees identified in a LURA or other Contract payable by Project Owner related to an Asset

(8) Compliance Rules--The rules found in 10 Texas Administrative Code Chapter 60

(9) Contract--Any executed written agreement between the Department and an Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program.

(10) Deed-in-lieu of Foreclosure--A deed to a lender given by an owner/borrower conveying mortgaged property to prevent a lender from bringing Foreclosure proceedings or to eliminate the need for Foreclosure.

(11) Deed of Trust--An instrument used to create a lien or mortgage by which the Mortgagor transfers his or her title to a trustee who holds it as security for the benefit of a lender.

(12) Default--As defined in a LURA or Contract

(13) Delinquent Loan--Any mortgage loan in which the scheduled payment has not been received by the due date.

(14) Department--The Texas Department of Housing and Community Affairs.

(15) Development--Any Project that has a construction component, either in the form of new construction or the rehabilitation of residential housing.

(16) Eligible Household--A household that meets the requirements associated with a Department Contract or LURA and applicable law, as in effect from time to time.

(17) Event of Default--As defined in a LURA or Contract

(18) Executive Director--As defined under Texas Government Code §2306.036 and/or §2306.038.

(19) Finding--A report or other communication for the Department indicating a need for corrective action by an Administrator, Project Owner, Recipient, Subrecipient or other beneficiary of a Department program.

(20) Forbearance--The act of agreeing, either conditionally or unconditionally, in reliance upon express representations, to refrain from enforcing one or more legal obligations, such as making scheduled payments on a debt or complying with one or more non-monetary provisions of a Contract. A relief provision that provides for a period of reduced or suspended payments to enable the Mortgagor to cure a delinquency is an example of a forbearance.

(21) Foreclosure--A legal proceeding, in or out of court, to gain title or to force a sale of a mortgaged property in order to satisfy unpaid amounts due under the debt secured by such mortgaged property on the property.

(22) Loan Modification--A written agreement to a change in one or more terms of the Contract or contractual documents relating to an existing loan between the Department and Mortgagor.

(23) LURA--A Land Use Restriction Agreement that has been executed by the Department and a Person related to be a specific property or properties and filed with required recording authorities.

(24) Mortgagor--The party (a "borrower") who borrows the money and uses his or her real property as collateral and security for the payment of the debt.

(25) Person--Any individual, partnership, corporation, association, trust, unit of government, community action agency, or public or private organization of any character, however organized.

(26) Real Estate Owned--Property acquired by the Department as the lender, usually through foreclosure or acceptance of a deed-in-lieu.

(27) Receivership--Legal action as defined in Contract or LURA

(28) Responsible Party--The Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program subject to this rule for purposes of asset resolution or enforcement.

(29) Review Committee--The committee, Chaired by the Executive Director and comprised of the Deputy Executive Director for Programs, the Deputy Executive Director for Administration, the Director of PMC, the Director of Real Estate Analysis and two additional rotating members appointed by the Chair. The Review Committee will determine asset resolutions or enforcement recommendations.

(30) Workout Program--A written agreement as an alternative to foreclosure that the Department may offer to the Mortgagor of a defaulted mortgage.

(c) Potential Actions Related to Home Ownership.

(1) Early Delinquency Intervention. According to the terms of a Contract between the Department and a Mortgagor the Department will provide a loan billing statement to the Mortgagor or Home Owner as payments are due. A Contract will be identified as delinquent unless the mortgage payment is made on the 16^{th} day of after the due date. A late fee will be assessed on all identified delinquent loans. A computer generated "Friendly Reminder" notice of default is mailed to the Mortgagor on any loan for which payment has not been received by the 16^{th} day of the month payment was due. A "Late Payment" notice of default is mailed to the Mortgagor on any loan that is past due more than forty-five (45) days. An "Urgent" notice of default is mailed to the Mortgagor on all loans that are more than sixty (60) days past due. The status of all mortgage loans serviced in-house by the Loan Servicing section will be reported monthly to the Credit Bureau through the Department's credit reporting processes, including delinquencies.

(2) Workout program. The Department supports delinquent Mortgagors' efforts to meet their mortgage obligations so they can avoid Foreclosure and remain in their homes when feasible. That means, among other things, using available tools that are appropriate under the circumstances to avoid Foreclosure; being judicious in approaching loss mitigation efforts and promoting open and effective communication with Mortgagors, including giving reasonable opportunity to resolve legitimate disputes. The Department after consultation with the Review Committee may, but is not required to, perform one or more of the following alternatives to cure the delinquency:

(A) Phone contact. Delinquent Mortgagors identified as more than forty-five (45) days past due may be contacted by phone to determine why the Mortgagor has not made the required payment(s). The Mortgagor is encouraged to contact the Department prior to this call to notify the Department of circumstances for the delinquencies.

(B) Face-to-face Interviews. Face-to-face interviews may be conducted when phone contact is not possible with the Mortgagor, and/or the Mortgagor is unresponsive to various attempts by the Department to establish communication and discuss the delinquency. Face-to-face interviews are done to determine the condition of the Department's collateral and discuss workout options available to the Mortgagor. If the Mortgagor is unavailable at the time a face-to-face interview is attempted, the Department will leave a "Collection Flyer" notice of default, marked "confidential," addressed to the Mortgagor at the property location.

(C) Written Repayment Agreement. Once a Mortgagor's ability to pay has been assessed, if the period necessary to cure the delinquency will exceed forty-five (45) days from the time contact is made, the Department will require the Mortgagor to enter into a formal written repayment agreement specifying the terms of repayment for the delinquent amount. Only in exceptional cases will a repayment period exceed twelve (12) months. If the Mortgagor abides by the terms of the written repayment agreement, the Department may suspend accrual of late fees for the duration of the agreement.

(D) Forbearance. The Review Committee may recommend a Forbearance agreement if the Mortgagor is temporarily unable to make any amount of payment due because of documented evidence of illness, death of a co-mortgagor, or loss of employment. Forbearance agreements will not exceed three (3) months. Any suspended payments will be made up as an additional single payment upon maturity. All accrued unpaid principal and interest amounts will be added to the end of the loan as a balloon payment. This will not result in a change of terms, and no recording fees or T-38 Endorsement will be necessary.

(E) Loan Modification. The Review Committee may recommend a loan modification to alter the terms of the note including, but are not limited to, (i) the interest rate, (ii) principal balance, (iii) payment amount, and (iv) the maturity date. This is a formal change in the original terms of the note. Any principal, escrow shortages, and fees such as recording fees, title policy fees, and pre-foreclosure fees will be included in the new terms.

(F) Pre-foreclosure sale. If the Mortgagor is unable to cure its delinquency, and the Mortgagor's desire is to avoid Foreclosure by the Department, the Department may consent to the sale of the property by the Mortgagor to a third (3rd) party buyer within a reasonable time as determined by the Department. If the proceeds from the Pre-foreclosure Sale are insufficient to extinguish the Mortgage Lien, the remaining outstanding balance under the Note secured by the Mortgage Lien will be converted to an Unsecured Note executed by the original Mortgagor payable to the Department unless other provisions are stated in the Note and/or Deed of Trust.

(G) Deed-in-lieu of Foreclosure. On a seriously delinquent mortgage where other options have been unsuccessful and/or the Mortgagor intends to abandon the property, the Department may consent to a Deed-in-lieu of Foreclosure. As a condition of the Department accepting a Deed-in-lieu of Foreclosure, the property must be free and clear of all encumbrances and liens other than liens of the Department.

(3) Final Resolution. In the event that a workout as described in subsection (2) above is unsuccessful, the Department upon recommendation of the Review Committee may take one of more of the following actions:

(A) Creditor claim in Bankruptcy. When a Mortgagor files for bankruptcy, the Department will take all actions that are necessary to protect its interests. All collection efforts outside the bankruptcy courts by the Department will cease during the bankruptcy period. The Department will file a proof of claim when appropriate. In a bankruptcy case that has been dismissed, all normal collection efforts will resume. In a bankruptcy case that has been Discharged in Bankruptcy, the Mortgagor will either reaffirm the debt in accordance with the bankruptcy or the Department may proceed to foreclose on the mortgage lien.

(B) Foreclosure. After all workout options have been exhausted, the Review Committee will review the loan for possible recommendation to foreclose on the property used as collateral to secure the Mortgage Lien. If the Department is in an inferior lien position, and the value of the property warrants it, the Department may elect to purchase a superior lien loan in order to proceed with Foreclosure and protect its interest.

(C) Debt forgiveness. In exceptional circumstances, the Review Committee may recommend the forgiveness based on hardship conditions. The Committee shall consider the following conditions as hardships: documented long term disability resulting in a permanent inability to pay, and a permanent inability to pay where it would not be in the best interest of the Department to foreclose based on economic conditions of the property and/or continued expenses which are incurred due to escrow responsibilities. The ability to forgive will also be contingent upon the method of funding. All hardship cases will be considered on a case by case basis. In cases where program guidelines allow for forgiveness based on death of borrower(s), the Department will take the appropriate steps to forgive these loans.

(D) Charge-offs. When the Department determines that all collection efforts have been exhausted on delinquent loans and there is no economic value in foreclosure the loan may be charged off. A charge-off will be reported to the credit bureau through the Department's normal credit reporting processes and to any appropriate agencies including the IRS. When a debt has been charged off, the Mortgagor will be placed on the Department's Debarment list and will not be eligible to apply for future programs.

(d) Potential Actions Related to Multi-family Properties

(1) Financial Delinquency issues. Owner/managers who fail to perform under the terms of the loan documents leading to an event of default will be provided timely notice of the default. For purposes of this rule a financial delinquency occurs when the responsible party fails to pay loan payments or fees due in a timely manner, fails to maintain adequate insurance and/or fails to pay taxes on a timely basis. When an event of default occurs, the Department will:

(A) Notice. The Department will provide notice according to terms of the Loan Documents and or LURA to the obligor that a potential event of default has occurred. For events of default that are curable, the notice will provide a reasonable time period for correction, not to exceed sixty (60) days from the date notice or such longer period as may be required by the Contract.

(B) Workout. In the event the Responsible Party contacts the Department within the corrective period and provides sufficient evidence of the cause for a failure to pay, the Department may enter into a workout plan that may include: Forbearance of the payment of loans or fees; Loan modification; a payment of taxes or a placement of insurance at additional cost to the Responsible Party.

Workouts must address those factors which the Department, in its sole discretion, deems appropriate to address the cause of the problems that required the workout, such as a requirement of a change of management for a property where multiple events of default occur or a repeated pattern of defaults occur. Only in exceptional cases, approved by the Board on the recommendation of the Review Committee, will a Forbearance period exceed twelve (12) months. Not more than one year of taxes or one year of insurance premium shall be added to the principal amount of the note during the workout period without further corrective action being taken. If a loan modification is recommended by staff, the extension of the note or reduction of the interest to be paid will be consistent with then existing policies of the Department. The Review Committee will approve any modifications to Contract or LURAs.

(C) Final Resolution. In the event the Responsible Party and the Department cannot agree upon terms of a workout within six (6) months, the Department will consider all legal action available to it at the end of the six months. All legal action includes litigation up to and including placing the property in Receivership or Foreclosure on the property.

(D) Waiver and actions consistent with other law. Any failure to act by the Department does not constitute a waiver of this rule. Where applicable, the Department will seek to protect the interests of the Department on behalf of the State of Texas. Nothing in this rule is intended to conflict with the laws of the United States and the State of Texas and where any conflicts arise, the rule will defer to the existing laws.

(2) Monitoring during compliance period (tax credit properties). During the compliance period, any tax credit property found to be in violation of 10 Texas Administrative Code Chapter 60 will be covered by this Rule in addition to the Internal Revenue Service Code, Code of Federal Regulations and related revenue rulings and any other official guidance provided by the Internal Revenue Service.

(3) Monitored properties (tax credit properties after original compliance period, HTF or HOME properties subject to a LURA). Properties failing to comply with the rules of the Department and/or the terms of the related LURAs are subject to the following actions:

(A) Because of the additional staff time and additional record keeping requirements associated with non-compliance with the agreed upon terms the following table is established as a compliance penalty structure as indicated:

Compliance action or Report required	**Required action to regain Compliance****	**Potential Penalty for continued Non-compliance***
Units leased to households that are not eligible because their income exceeds the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions	Lease labeled "Do not renew lease—as soon as possible lease the unit to eligible household;" Lease to eligible household	Compliance penalty up to $500 for violation of do not renew restriction; Compliance penalty of up to $500 for repeated violation.
Rents charged exceed allowable limits or improperly calculated utility allowance	Owner/manager demonstrates reduction in rent and/or recalculation of utility allowance and refund difference to tenants	Compliance penalty up to the amount of uncorrected overcharge.
Property Condition Violations	Appropriate repairs completed and provide evidence	Compliance penalty based on severity of violation up to $500 per violation.
Failure to Submit Reports Timely and or failure to execute and record program documents	After written notice of failure to receive report owner must provide corrective action support within 30 days	Compliance penalty of up to $250 per additional notice sent for every 30 days of no response.

Change in eligible basis	Owner to cease charging for facilities and refund amounts collected and/or convert commercial space back to residential space as applicable	Compliance penalty up to amount not refunded or wrongly collected.
Failure to meet minimum set aside, violation of Available Unit Rule, or comply with rent and occupancy restrictions	Units should be rented to the appropriate income and rent restrictions for eligible households	Compliance penalty of up to $200 per unit and potential listing as not participating in program.
Failure to follow Fair Housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard	Owner must to enter into a corrective action agreement and amend leasing requirements if appropriate	Report for possible fair housing violation, Compliance penalty of up to $250 per violation.
Failure to maintain adequate documentation or certification for compliance	Owner to recertify accordingly and provide documentation upon completion	Compliance penalty of up to $100 per request per 30 day period of failure to provide documentation
Low income units used on transient basis	Owner should execute at least six month lease and provide evidence	Compliance penalty of up to $100 per request per 30 day period of failure to provide documented lease
Violation of the Unit Vacancy Rule	Property must advertise availability of units within 30 days and provide evidence	Compliance penalty of up to $250 per 30 day period not advertised
No evidence of material participation by a qualified nonprofit	Owner to correct issue and certify compliance within 60 days	Compliance penalty of up to $500 per 30 days after 60 day corrective period.
Failure to provide agreed to supportive services	Corrective action within 30 days	Compliance penalty of up to $500 per listed service not provided per month
Failure to pay compliance fees or compliance penalties timely	After notice of fees due and payable within 30 days of notice	Begin collection proceedings. Add state allowable maximum interest rate and additional penalty of up to $250 per 30 day period of nonpayment.
Failure to meet prescribed special needs set aside	Property must develop and follow adequate marketing plan utilizing organizations that work with special needs for corrective action within 60 days	Compliance penalty of up to $250 per day for failure to develop and follow marketing plan per 30 day period. Additional penalties may exist for leasing to ineligible households.
Failure to meet Department minimum standards for rehabilitation act compliance	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications	Failure to correct will lead to limitation of future participation in Department programs up to and including Debarment for a period of time.

Continued non-compliance resulting in declaration of no longer participating in program	After written notice owner should provide a corrective action memo	Maximum compliance penalties allowed under LURA plus penalties for specific non-compliant items. Collection of penalties up to and including filing of liens and all legal actions including foreclosure. If property remains out of compliance for 12 months inclusion in Debarment list.
Determination of material Non-compliance for more than six months	After notice of violation corrective action plan developed with Department	Declaration that the property is "No longer participating in the program" and associated penalties and legal actions.
*Compliance penalties are in addition to point scoring for material non-compliance determination	**The Department may require additional training for persons who receive repeated non-compliance findings. The Department may include replacement of management or addition of a consultant as a component of corrective action for repeated non-compliance	

(B) Compliance penalty enforcement. In determining the compliance penalty, the Department will use a list of published factors to assess the amount of the penalty. Compliance penalties will continue to be assessed until such time as the corrective action has been taken. In the event that corrective action is not taken, the Department will take the following actions:

(i) Provide notice to the last known address of the party against whom the penalty has been assessed;

(ii) A description of the violations and the governing authority for application of the compliance penalty;

(iii) The procedures for appealing the compliance penalty assessed including the provisions under 10 Texas Administrative Code Sections 1.7, 1.6 and 1.17.

(iv) If the party either does not respond or fails to take corrective action, the Department will refer the matter to the Attorney General for determination of the legal remedies available and action to be taken.

(e) Potential Actions related to Contract Administration on awarded funds.

(1) Contracts involving Department Awards. The Department is responsible for numerous awards of funds intended to benefit Texans who qualify for programs administered by the Department. Frequently these programs are administered by Subrecipients--some of whom directly perform the work and other who hire others to assist them in service delivery. These rules either repeat, or supplement the language included in individual contracts. When a contractor fails to perform adequately, the Department may take any of the following actions:

Non-performance contract action	**Required action to adequately perform**	**Potential penalties for non-performance**
Failure to correct audit finding	Satisfactorily answer audit finding during timeline provided	Request repayment of funds; limitation of future payments; reduction in administrative fees allowed; implementation of 10 TAC 1.3; termination of current contract; bar of future contracts; added to debarment list
Failure to File required audit report	File audit report prior to deadline	Loss of contract; withholding of payments, implementation of 10 TAC 1.3; bar of future contracts
Failure to meet contract milestones	Development of corrective action and contract amendment	Reduction in administrative fees; termination of contract; withholding of funds requested
Failure to submit necessary Documentation	Submit required documents within 30 days of notification	Department will return faulty submission documents; reduction of administrative fees; withholding of payments; termination of contract; if not submitted bar of future contracts
Failure to timely request amendment	Request amendment prior to contract expiration in writing and signed by contract signatory authority made at least 90 days before contract end	Termination of contract; withholding of funds requested; reduction in administrative fees; audit finding; repayment of funds paid for work not under contract
Misappropriation of funds	Repayment of funds	Withholding of funds; criminal referral to District attorney; referral to Attorney General for legal action; termination of contract; inclusion in debarment list;
Loss or removal of Federal Programs from subrecipient	Explanation of reason for loss of program and clearance to continue to receive other funds	Termination of contract; withholding of funds requested; inclusion in debarment list
Failure to execute contract	Execution of contract with 30 days of notice	Removal from contract administration system; termination of contract; withholding of any requested funds
Disallowed costs	Clearance of costs prior to deadline provided	Request of repayment of funds; withholding of funds; audit finding; implementation of 10 TAC 1.3
Failure to provide services contracted	Design corrective action plan and submit for approval	Request repayment of funds; withholding of requested funds; disallowed costs; audit findings; legal action to enforce contract under specific performance; termination of contract; reduction in administrative fees.
Match not submitted in time or in a pro-rata share or insufficient documentation	Submit according to requirements or request amendment	Withholding of request funds; reduction of points on future applications; bar placed on contract monitoring system; limiting payments until pro-rata match is achieved; reduce administrative fees
Failure to request draw within required time	Must submit within the sixty day time frame or request an extension with sufficient justification as to the delay	Allow contract to expire in contract system without issuing payment; close out contract as completed; withholding of requested funds; reduction of administrative fees

Criminal charges filed against key staff	Report and explanation of charges and duties of charged staff	Audit of program related to charged staff; termination of contract; request for development of action plan for correction
Failure to respond to Department Correspondence	Respond with appropriate response prior to deadline provided not to exceed 30 days	Termination of contract; request for repayment of fees; withholding of requested funds; referral to Attorney General for enforcement; inclusion in debarment list.

(2) Special Conditions for Contract involving construction awards. In addition to the contract actions found in section (1) above, the following are potential actions specifically related to construction related awards:

Non-performance contract action	**Required action to adequately perform**	**Potential penalties for non-performance**
Failure to follow federal laws regarding construction	Request waiver; submit plan for alternatives to reconstruction	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Poor Construction Quality	Correct non-compliant construction; Develop a plan for corrective action	Request repayment of all funds; Non issuance of IRS Form 8609 if appropriate; refer to Attorney General for collection of funds; termination of contract; include all parties on debarment list
Failure to build units according to submitted application	Alter construction to meet plans; prepare alternatives for consideration	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Agreement between consultants and Administrators	Submit copy of agreement for review prior to beginning work	Verify that the Department's required clauses involving audit provisions, debarment list penalties, and conflicts of interests are included; limit draws or submission of documents until such contracts are provided; reduction of administrative fees

(f) Administration of Section.

(1) Program and Compliance staff will be the first line reviewers for performance with Department policies and procedures related to Contracts and/or LURA's. After providing initial notice to the Responsible Party and time for response, the involved staff will refer non-resolved matters to identified asset resolution and enforcement staff. The asset resolution and enforcement staff will review and develop a recommended action plan and timeline to the Review Committee, including final resolution if other efforts are not successful. The Review Committee will approve, approve with modifications or reject the submitted plan. The Executive Director will evaluate to determine if Board action is required.

(2) The asset resolution and enforcement staff will implement the approved plan including any required referrals to the Office of the Attorney General or other parties.

(3) Unless otherwise indicated, Responsible Parties will have access to Department procedures for appealing actions taken under this rule including the provisions under 10 Texas Administrative Code section 1.7, 1.6 and 1.17.

(4) If the Department has determined that a provision of this rule must be expedited to protect the assets of the State of Texas, any non-statutory timeline may be reduced by the Department.

(5) Any section of this rule may be waived for just cause by the Executive Director or the Governing Board except for notice provisions and federal and state statutory provisions.

(g) Debarment for failure to perform

(1) Any Administrator, Affiliated Party, Person or Responsible Party receiving funds (including Housing Tax Credits) directly or indirectly may be subject to debarment under this Section.

(2) Procedures for Placement in Debarment

(A) Recommendation for inclusion on the debarment list is done by referral from Department Division Directors. An Administrator, Affiliated Party, Person or Responsible Party may also submit a referral to a Department Division Director for consideration.

(B) Once referred the Administrator, Affiliated Party, Person or Responsible Party will be placed in Suspension status. While in Suspension the entity can continue to be reviewed for participation in the application or allocation cycle, but a review by the Review Committee must be completed prior to the award of Department funds (or allocation of Housing Tax Credits). A determination of inclusion on the debarment list will preclude the entity from participation for the term determined by the Review Committee, beginning with any current application or allocation award request. The following actions will be taken by the referring Department Division Director:

(i) Notice will be provided to the Administrator, Affiliated Party, Person or Responsible Party of the referral to the Department's Review Committee for inclusion on the debarment list.

(ii) The Administrator, Affiliated Party, Person or Responsible Party will be given an opportunity to provide information for consideration by the Review Committee. This information must be submitted within 14 working days from the date of notice.

(C) The Department Division Director will present the Review Committee with the following for consideration of the referral:

(i) Documentation to support the action that the Administrator, Affiliated Party, Person or Responsible Party has taken to warrant referral for placement on the debarment list.

(ii) A copy of the notice provided to Administrator, Affiliated Party, Person or Responsible Party.

(iii) A copy of any information provided in response by the Administrator, Affiliated Party, Person or Responsible Party to the notice.

(D) The Review Committee may determine based on the information provided that the entity does not warrant being placed on the debarment list. The Review Committee may recommend placement on the debarment list and will recommend a term for debarment based on the following structure:

Action	Potential Debarment Term
Failure to meet Department minimum accessibility standards for rehabilitation act compliance	1-10 years
Continued non-compliance resulting in declaration of no longer participating in program	1-10 Years
Determination of uncorrected material Non-compliance for more than six months	1-5 Years
Failure to correct audit finding	1-5 Years
Failure to File required audit report	1-5 Years
Failure to meet HOME contract milestones	1-5 Years
Failure to submit necessary Documentation	1-5 Years
Misappropriation of funds	In Perpetuity
Loss or removal of Federal Programs from subrecipient	Duration determined by Federal Agency for that Issue
Disallowed costs	Until Cured
Failure to provide services contracted	1-5 Years
Match not submitted in time or in a pro-rata share or insufficient documentation	1-5 Years
Charged with committing criminal actions	In Perpetuity
Failure to respond to Department Correspondence	Until Resolution
Failure to follow federal laws regarding construction	1-5 years
Poor Construction Quality	In Perpetuity
Failure to build units according to submitted application	1-10 Years

(E) Agreement of Appeal

(i) 10 days appeal or invoke the Alternative Dispute Resolution Rule, §1.17

(F) The Board of Directors will provide final approval for placement on the Debarment list. The board will review the Review Committees' determination and recommended term of debarment. The Administrator, Affiliated Party, Person or Responsible Party will be given opportunity to appeal during the Board Meeting.

(G) Once approved by the Department's Board of Directors the entity will be placed on the Debarment List for the determined term.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

December 14, 2006

Action Items

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of the Final Texas Bootstrap Loan Program Rules, to be codified at 10 Texas Administrative Code, Chapter 2, Part 1.

Required Action

Department staff recommends that the Board review and approve the Texas Bootstrap Loan Program Final Rules, Title 10 of the Texas Administrative Code, Part 1, Chapter 2.

Background

On October 27, 2006 the Texas Bootstrap Loan Program Draft Rules, Title 10 Texas Administrative Code were published in the *Texas Register*. Upon publication a public comment period commenced, ending on November 26, 2006. In addition to publishing the document in the *Texas Register*, a copy was published on the Department's web site and made available to the public upon request. The Department also held public hearings in Dallas, San Antonio, McAllen and El Paso. In addition to comments received at the public hearing, the Department received written comments. A summary of the comments received and a Department's response to each comment is attached.

Recommendation

Department staff recommends that the Board review and approve the Texas Bootstrap Loan Program Final Rules, Title 10 of the Texas Administrative Code, Part 1, Chapter 2.

Reasoned Response to Public Comment on the Texas Bootstrap Loan Program Draft Rules

This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the Texas Bootstrap Loan Program Draft Rules.

Language deleted from the Texas Bootstrap Loan Program Draft Rules is shown with single strikethrough and new language proposed for the Texas Bootstrap Loan Program Rules is show with a single underline.

§2.1 (a)-Purpose (5, 7, 10, 11 & 12)
Comment:
The commentators requested that the Department increase the maximum amount of repayable loans from $60,000 to an amount set by the Texas Legislature.

Department Response:
Staff recommends no change. This rule is pursuant to Section 2306.754(b) of the Texas Government Code which states "The total amount of loans made by the Department and other entities to an Owner-Builder under the Program may not exceed $60,000." Therefore, the Department has no authority to make this change.

§2.2 (21) – Definitions – Open Application Cycle (5)
Comment:
The commentator requested that the Department release a NOFA every year instead of every two years.

Department Response:
Staff recommends no change. The Department would like to reserve the right to release funds in a two year funding cycle or less.

§2.3 (a) (3) – Allocation of Funds (5)
Comment:
The commentator requested that the Department increase the amount of funds allocated for nonprofit organizations.

Department Response:
Staff recommends no change. This rule is pursuant to Section 2306.758 (c) of the Texas Government Code, which states that "In a state fiscal year, the Department may use not more than 10 percent of the revenue available for purposes of this subchapter to enhance the ability of tax-exempt organizations described by Section 2306.755 (a) to implement the purposes of this chapter." The Department has no authority to make this change.

§2.4 (b) – Applicant Requirements (10)
Comment:
The commentator requested that the Department amend the proposed rules regarding deobligated funds from 24 months to 6 months of the application deadline and to also take into consideration any extenuating circumstances that may have prevented the applicant from achieving its goals.

Department Response:
It is the Department's intent to expend funds in a timely and efficient manner; therefore we recommend no changes to the 24 month requirement. The Department will deobligate funds for non-performance or non-compliance. However the staff recommends the following change due to extenuating circumstances that are beyond the applicant's control.

§2.4 (b) – Applicant Requirements
(b) Ineligible Applicant: The following violations ~~will~~ may cause an Applicant, and any Applications they have submitted, to be ineligible:

§2.4 (b) (3) – Applicant Requirements (5 & 10)
Comment:
The commentators requested that the Department not charge any type of fees on any loans made to an applicant and also for the Department to clarify the proposed rule.

Department Response:
Staff recommends the following changes in order to clarify when the proposed rule will apply.

(3) Applicants that have failed to make timely payments on debt instruments held by the Department and for which the Department has initiated formal collections actions or fee commitments due to the Department. ~~make timely payment on any loans or fee commitments made with the Department;~~

§2.4 (f) – Applicant Requirements (5 & 10)
Comment:
The commentator requested that the Department not require an applicant that is awarded a contract to enter information via the Department's Contract System through the internet.

Department Response:
Staff recommends no change. It is the goal of the Department to utilize the TDHCA's contract system in order to better track and manage Department Contracts. In the future awardees may be required to enter data onto the Contract System in order to draw funds for any Texas Bootstrap Loan Program projects. However, Department is willing to offer technical assistance, as needed, to help build capacity for nonprofits for this purpose.

§2.5 (b) – Application Limitations (1, 7, 9, 11 & 12)
Comment:
The commentators requested that the Department increase the administrative fee from 4% to 10% on the Texas Bootstrap Loan Program.

Department Response:
Staff agrees with increasing the administrative fee under this program. The nonprofit organization must market the program in order to identify and qualify families to participate. In most cases for every five applications received only one will qualify to participate in this program; however, the same amount of work and time is being spent on the applications that do not meet program guidelines. In addition the awardees must gather, review and submit to the Department all the appropriate documents for approval. The nonprofit organization must also teach the owner-builder the basic concepts of construction such as tool safety, reading a measuring tape, etc. and teaching how to build or rehabilitate their home. The cost involved in implementing this program supersedes the current four percent administrative fee. Staff does not recommend increasing the administrative fee to 10%, but does suggest a 50% increase from 4% to 6%.

Staff recommends the following:

§2.5 (b) – Application Limitations
(b) An award amount for the Texas Bootstrap Loan Program shall not exceed $600,000 plus administrative fees not to exceed ~~4%~~ six percent of award amount, except as may be otherwise authorized by the Board or as otherwise stated in the NOFA.

§2.5 (b) – Applicant Limitations (10)
Comment:
The commentator requested that the Department consider increasing the maximum amount of an award from $600,000 to a maximum of 25 homes at the maximum allowable per household, as set by the Texas Legislature.

Department Response:
Staff recommends no changes. The Department desires to select a diverse group of Applicants that will serve various populations throughout the state. By allowing the maximum amount of an award to remain at $600,000 staff feels that the Department will be able to award the funds in a fair an equitable manner throughout the state.

§2.5 (c) – Applicant Limitations (10)
Comment:
The commentator requested that the Department increase the term of a contract from 24 months to 36 months.

Department Response:
Staff recommends no changes to this rule. It is the Department's intent to expend funds in a timely and efficient manner. Currently the Department allows a one six month extension over and above the 24 month contract if necessary.

§2.5 (d) – Application Limitations (1, 2, 5, 7, 10, 11 & 12)
Comment:
The commentators requested that the Department increase the maximum loan amount of $30,000 to an amount set by the Texas Legislature.

Department Response:
Staff recommends no change. This rule is pursuant to Section 2306.754 (a) and (b) of the Texas Government Code which states "The Department may establish the minimum amount of a loan under this subchapter, but a loan may not exceed $30,000. If it is not possible for an owner-builder to purchase necessary real property and build adequate housing for $30,000, the owner-builder must obtain the amount necessary that exceeds $30,000 from one or more local governmental entities, nonprofit organizations, or private lenders. The total amount of loans made by the Department and other entities to an Owner-Builder under the Program may not exceed $60,000." Therefore, the Department has no authority to make this change.

§2.5 (e) – Applicant Limitations (5 & 10)
Comment:
The commentators requested that the Department not set a higher maximum award amount due to disasters under this program and to treat all awards equal.

Department Response:
Staff recommends no changes. Due to the circumstances surrounding disasters additional funds may be needed to assist the affected areas and the Department does not want to limit flexibility that may be needed in these types of extenuating situations.

§2.7 – Prohibited Activities (10)
Comment:
The commentator requested that the Department limit the prohibited charges only to the Bootstrap Loan not to any other loan used in conjunction with the Texas Bootstrap Loan Program.

Department Response:
Staff agrees with the recommendation and proposes the following changes:

§2.7 – Prohibited Activities
The following activities are prohibited ~~and are not eligible costs under the Program~~in relation to the origination of a Texas Bootstrap Loan Program Loan. but may be charged as an allowable cost by a third party lender for the origination of all other loans originated in connection with a Texas Bootstrap Loan Program Loan.
(a) Payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas Bootstrap Loan Program funds;
(b) Loan Origination Fees;
(c) Application fee;
(d) Discount fees;
(e) Underwriter fee;
(f) Loan Processing fees; and
(g) Other fees not approved by the Department.

§2.9 – Application & Award Process (4, 6 & 8)
Comment:
The commentator requested that the Department modify the scoring for an application received from an applicant with co-applicants. The organizations feels that the current scoring criteria penalizes applications received from an applicant with co-applicants. The current process gives the same weight to one applicant with good internal systems and capacity building one house as it does to another applicant with sophisticated internal systems and capacities building ten houses. A recommendation was made to change the scoring criteria on an application received from an applicant with co-applicants.

Department Response:
Staff agrees with the comments and recommends the following changes:

§2.9 – Application & Award Process

(d) An Application received from an Applicant with Co-Applicants will be scored accordingly:

(1) Each Applicant and Co-Applicant from an organization must meet the General Threshold Criteria as outlined in §2.10 and Selection Criteria outlined in §2.11. Each Applicant and Co-Applicant must achieve a minimum threshold score of 70 points based on the Department's review in order to be consider eligible to receive a funding recommendation. If an Applicant and/or Co-Applicant does not achieve the minimum threshold score that particular Applicant and/or Co-Applicant will be disqualified.
(2) The number of houses each Applicant and/or Co-Applicant plans to build or rehabilitate will be determined by Department Staff based on the data provided by the Applicant and Co-Applicant.
(3) The score determined for each Applicant and Co-Applicant will apply as a score to each house the Applicant and Co-Applicant plans to build or rehabilitate.
(4) The final score applied to the application will be the average of all scores weighted by the number of houses per Applicant and Co-Applicant.

§2.10 – General Threshold Criteria (10)
Comment:
The commentator made a recommendation to the Department in order to clarify the proposed rule.

Department Response:
Staff agrees with the recommendation and proposes the following change:

(3) Financial Design. Applications for funding will be reviewed for written evidence of the capacity to maintain financial systems, including the responsibility of accounting staff. The Application must adequately describe the lead Applicants and co-Applicants financial standing for the last three years. The review will be based on the supporting financial data provided by Applicants and third party reports such as financial statements and audits submitted with the Application. Submission of "Independent Auditor's Report" dated within 12 months of application deadline date~~, describing the financial standing of the applicant within the last three years~~ expressing an unqualified opinion. Report must show evidence of Applicant's capacity to maintain an effective financial system, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

§2.10 – General Threshold Criteria (10)
Comment:
A commentator requested that the Department increase the contract term from 24 months to 36 months.

Department Response:
Staff recommends no changes to this rule. It is the Department's intent to expend funds in a timely and efficient manner. Currently the Department allows a one six month extension over and above the 24 month contract if necessary.

§2.11 (1) – Selection Criteria – Income Targeting (3, 5, 6, 8, 9 & 10)
Comment:
The commentators requested that the Department delete this criteria. The comments submitted expressed that this is double weighted scoring since we are already awarding points for applicants giving priority to families earning less than $17,500.

Department Response:
Staff agrees with comments and recommends deleting this criteria. The Department is required under Section 2306.753 (a) of the Texas Government Code to give priority to families earning less than $17,500. Therefore points will only be awarded to this statutory requirement under Section 2.11(8) (c) of the Texas Bootstrap Loan Program Draft Rules.

The 13 points will be distributed to Program Design under Section 2.11 (8) of the Texas Bootstrap Loan Program Draft Rules. Ten points will be added to Section 2.11 (8)(a) and the remaining three points will be added to Section 2.11 (8)(c)

§2.11

~~(1) Income Targeting: (Maximum Points: 13) Points will be awarded based on the percentage of total households targeted to specific income levels as defined by HUD's Area Median Family Income.~~

~~(i)10% to 19.99% of units at 30% AMFI, 4 points;~~

~~(ii)20% to 39.99% of units at 30% AMFI, 6 points;~~

~~(iii)40% to 59.99% of units at 30% AMFI, 8 points;~~

~~(iv)60% to 79.99% of units at 30% AMFI, 10 points;~~

~~(v)80% to 100.00% of units at 30% AMFI, 13 points.~~

§2.11 (2) – Selection Criteria – Previous Awards, Past Performance and First Time Applicants (5 & 10)

Comment:

The commentators requested that the Department not award points to first time applicants. The commentators are concern that an inexperienced applicant will be awarded points without demonstrating the capability of administering the Program.

Department Response:

Staff recommends revising the section as follows to ensure that first time applicants have experience in self-help construction.

§2.11(2) Previous Award, Past Performance and First Time Applicants. (Maximum Points: 10) Applicants will receive 10 points for having received an award from the Bootstrap Program and performed in accordance with their contracts and Department rules. If performance benchmarks as outlined in contract have not been met or funds have been deobligated or if Applicant has been found in noncompliance on any prior award described in Section 2.12 of this chapter, a score of zero points will result. Unsatisfactory past performance on any contract will be forgiven for funding purposes if three years from the Application deadline date has elapsed and the Department in its sole discretion, is satisfied that the conditions of such performance have been rectified. In an effort to encourage participation in the Texas Bootstrap Loan Program first time Applicants will be awarded 10 points if the Applicant demonstrates at least three years of experience by providing details of previous projects and/or resumes of persons involved in self-help housing construction projects. Projects and resumes will be reviewed and verified by the Department staff.

§2.11 (3) – Selection Criteria – Letters of Support (3, 4 & 10)

Comment:

The commentators requested that the Department accept letters of support to be dated within 12 months of the application deadline. In most cases sponsors are obtained at least 10 to 12 months prior to start of a project.

Department Response:
Staff agrees and recommends increasing the requirement from three months to twelve months.

(3) Letters of support. (Maximum Points: 10) Points will be awarded based on a review of the letters (up to five letters; 2 points per letter up to a maximum of 10 points.) submitted from community and/or neighborhood organizations, local businesses and commercial lenders or private individuals as well as units of local government who indicate support to the Texas Bootstrap Loan Program project. To be considered for scoring, the letters must, include the company's name, contact person (full name), address, city, state, and zip code; signed and dated within ~~three~~12 months of the application deadline.

§2.11 (4) – Selection Criteria – Readiness to Proceed (3, 4, 5 & 10)
Comment:
The commentators requested that the Department accept commitment letters or letters of interest to be dated within 12 months of the application deadline. In most cases potential homebuyers are pre-qualified at least 10 to 12 months prior to start of a project.

Another commentator expressed concern in awarding points to applicants that have families identified and ready to go. The commentator felt that the applicant cannot risk its reputation and may be liable for "false advertising", risking legal action if it has any proposed owner-builders sign any type of form, such as letter of interest, letter of intent or option of any kind without first having secured all the financing for the proposed project.

Department Response:
Staff agrees with first comments received and recommends increasing the requirement from three months to 12 months.

Staff does not agree with second comment received. An applicant may issue letters of intent, letters of interest or letters of commitment subject to certain conditions such as a Department Award. Due to the time needed to qualify and build or rehabilitate a house through self-help construction time is of the essence; therefore, staff recommends no additional changes to this rule.

§2.11 (4) – Selection Criteria –
Readiness to Proceed. (Maximum Points: 10) Points will be awarded based on a review of the commitment letters provided to Owner-Builders interested in participating in the Texas Bootstrap Loan Program. To be considered for scoring, the letters must be on applicant's letterhead, including: Owner-Builder's name, address, city, state, zip code and phone number. Letters must be signed by both Owner-Builder and nonprofit organization and dated within ~~three~~12 months of application deadline. 2 points per letter for a maximum of 10 points.

§2.11 (5) – Selection Criteria – Level of Homebuyer Counseling for Homebuyer Assistance (5 & 10)
Comment:
The commentators asked how the Department can award points for something that is going to take place after the award is granted to the nonprofit.

Department Response:
The Department currently awards contracts based on applications submitted by third parties for projects to be delivered in the future. Homebuyer counseling is an important component to support successful homeownership.

§2.11 (6) – Lien Position (5, 7, 10, 11 & 12)
Comment:
The commentators requested that the Department delete the word parity from this proposed rule. The commentators also proposed that TDHCA accept a second lien position to another lender's first lien position.

Department Response:
Staff believes that by accepting a parity lien it protects the Department's investment and recommends no changes to this section of the rule. However, staff agrees with comments in accepting a second lien to another lender's first lien position and recommends awarding points to an Applicant which first lien amount is greater than the Department's second lien amount. Staff recommends the following change:

§2.11 (6) Lien Position. (Maximum Points: 10) To encourage participation, the Department may subordinate its lien position if the leveraged loan is greater or equal than the Department's loan. However, liens related to other subsidized funds provided in the form of grants and nonamortizing loans, such as deferred payment or forgivable loan, must be subordinated to the Department's loan. If the Department is in a first lien or in a parity lien position based on this standard, the Applicant will be awarded 10 points. <u>If the Department subordinates its lien and the leveraged loan is greater than the Department's loan, the Applicant will be awarded 5 points.</u>

§2.12 (c) – Program Administration – Sanctions/Deobligation (5, 7, 11 & 12)
Comment:
The commentators requested that the Sanction/Deobligation clause be waived for older contracts already in place and apply the Sanction/Deobligation clause to new contracts after the effective date of the Rules as adopted.

Staff Response:
Staff will work with each respective Technical Assistance Provider who has an executed contract with the Department and evaluate its contract performance in order for the Department to be able to apply the appropriate rule(s) and assist the Technical Assistance Provider with any program issues in order to avoid taking any Sanction/Deobligation measures against the Technical Assistance Provider.

§2.12 (f) (1) (A-G) – Program Administration (10)
Comment:
The commentator requested that the Department increase the contract term from 24 months to 36 months.

Department Response:
Staff recommends no changes to this rule. It is the Department's intent to expend funds in a timely and efficient manner. Currently the Department allows a one six month extension over and above the 24 month contract if necessary.

§2.12 (j) – Program Administration – First Year Consultation Agreement (5 & 10)
Comment:
The commentator requested that the Department not require the Technical Assistance Providers to purchase or repurchase the Bootstrap loan in full. Most nonprofits that participate in this program cannot afford or agree to this type of recourse.

Department Response:
Staff agrees with comments. Technical Assistance Provider is being required to assist and provide post purchase counseling. In addition the Department is also requiring the Technical Assistance Provider to work with the applicant in bringing the account current. Therefore staff recommends the following changes:

§2.12 (j) First year consultation agreement. The Technical Assistance Provider agrees that if notified by the Department that Owner-Builder (Mortgagee) has failed to make a scheduled payment due under the Program Loan, or other payments due under the Program Loan documents issued under the Contract, within the first twelve (12) months of funding, the Technical Assistance Provider will be required to meet with the Owner-Builder and provide counseling and assistance until the payments are made current. After consultation and in the event that the Department and Technical Assistance Provider are not able to reach a consensus about Technical Assistance Provider's effort to bring the Program Loan current as required under this chapter, the Department ~~may require Technical Assistance Provider to purchase or repurchase the Program Loan in question in full.~~in accordance with its Administrative Rules may apply appropriate graduated sanctions leading up to, but not limited to deobligation of funds and future debarment from participation in the program.

§2.15 (a) – Leverage Loans (5 & 10)
Comment:
The commentators requested that the Department not require third party lenders to limit the amount of interest they may charge. The commentators stated that this requirement may discourage participation in the Texas Bootstrap Loan Program from private lenders.

Department Response:
Since the Texas Bootstrap Loan Program loans are non-interest bearing there is no need to offer longer loan terms. Our non-interest bearing loan applies as long as the owner-builder household income does not exceed the 60% of the AMFI so there is no sliding scale such as the one USDA/RD utilizes. In addition TDHCA does not recertify the owner-builder's income in future years; USDA does and if necessary will adjust the interest rate accordingly. It is the intent of the Department to protect the owner-builder by limiting the interest rate a lender may charge. If an owner-builder had "A" credit they should qualify for market rate not above market rate. While most would like to call this a high risk loan due to the owner-builder's credit the private lender's loan is an asset based loan versus a credit based loan due to the TDHCA's investment and the sweat equity provided by the owner-builder. The private lender loan has limited exposure. Since participants in this Program may not qualify for a conventional mortgage loan due to credit and not discourage participation from third party lenders staff recommends the following changes:

§2.15. Leveraged Loans. (a) The leverage loan interest rate ~~must be the rate the lender typically charges to its best mortgage applicant customer. An extra amount may not be charged because of low income or other high risk factors. The interest rate~~ may be no more than ~~2~~3.5% ~~(200 basis points)~~ above the FHA rate at the time of closing. Also, the lender may not include "points" to buy down or pre-pay the interest.

§2.16 (2) – Property guidelines and related issues (5 & 10)
Comment:
The commentators requested that the Department clarify the proposed rules regarding property insurance.

Department Response:
Staff agrees with comments and in order to clarify the proposed rule recommends the following changes:

§2.16 (2) Property Insurance.
(A) Builder's Risk Insurance ~~Interim construction binders are~~ is required where construction of the residence is being financed by the Department. At the end of the construction period, the binder must be endorsed to remove the "pending disbursements" clause.

(B) Hazard Insurance. The Department requires property insurance for protection against loss or damage from the following perils: fire, windstorm, hail, explosion, riot, and civil commotion, damage by aircraft, vehicles or smoke. Homeowner's policies or package policies that provide property and liability coverage are acceptable. All risk policies are acceptable. The amount of hazard insurance coverage at the time the loan is funded must be no less than 100% of the current insurable value of improvements. The Department will require that the premium for the 12 month homeowner's policy be collected at closing and name the Department as mortgagee. ~~In the case of a construction/permanent loan, builder's risk coverage is required for the construction period, provided that the premium for a 12 month homeowner's policy is collected at closing for the purchase of a homeowner's policy at the end of construction. A builder's risk policy is acceptable while the dwelling is under construction as long as it meets the Department's requirements. An acceptable policy either: (1) names the borrower as the insured; or (2) contains a builder's risk endorsement for a policy issued to the borrower. A policy issued only to a contractor is not an acceptable substitute for the property insurance a borrower is required to provide. A builder's risk policy should automatically convert to full coverage when the dwelling is completed. Otherwise, acceptable insurance must be obtained to coincide with the expiration of the builder's risk provisions of the policy.~~

Comment Source Reference

Tab#	Organization
1	Val Verde County Self-Help Center - Herberto Falcon
2	Dallas Area Habitat for Humanity - Stephanie Scribner
3	Trinity Habitat for Humanity - Jennifer Hawthorne
4	Trinity Habitat for Humanity - Angela Bliss
5	Lower Valley Housing Corporation - Nancy Hanson
6	Rio Grande Habitat for Humanity - Jack Tierney
7	Alianza - Daniel Solis
8	Habitat for Humanity, Texas - Carlos Hernandez,
9	Proyecto Azetca - Ann William Cass
10	Community Development Corporation Brownsville - Don Currie
11	El Paso Collaborative - Delia Chavez
12	El Paso County Self-Help Center - Guadalupe Ibarra

Texas Bootstrap Loan Program Draft Rules

Title 10, Part 1, Chapter 2 Texas Administrative Code

Table of Contents

§2.1. Purpose

(a) This chapter clarifies the administration of the Texas Department of Housing and Community Affairs Texas Bootstrap Loan Program also known as the Owner-Builder Loan Program. The Texas Bootstrap Loan Program provides assistance to income-eligible individuals, families and households to finance, acquire, rehabilitate and develop decent, safe and sanitary housing. The Program is administered in accordance with Subchapter FF, Chapter 2306 of the Texas Government Code.

The Texas Bootstrap Loan Program is a self-help construction program that is designed to provide low-income families an opportunity to help themselves attain homeownership or repair their existing homes 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 standards 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 for this purpose. However, all combined repayable loans may not exceed $60,000 per unit.

§2.2. Definitions

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

(1) Activity--A form of assistance by which Texas Bootstrap Loan Program funds are used to provide incentives to develop and support affordable housing and homeownership through acquisition, new construction, reconstruction, and rehabilitation of residential housing.

(2) Administrative Deficiencies--The absence of information or a document from the Application as required by these rules.

(3) Applicant--An eligible entity which is preparing to submit or has submitted an Application for Texas Bootstrap Loan Program funds and is designated in the Application to assume contractual liability and legal responsibility to execute the written agreement with the Department.

(4) Application--A written request for Texas Bootstrap Loan Program funds in the format required by the Department.

(5) AMFI--HUD's Area Median Family Income.

(6) Board--The governing board of the Texas Department of Housing and Community Affairs.

(7) Colonia--A geographic area located in a county some part of which is within 150 miles of the international border of this state that:

> (A) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under §17.921, Water Code; or
>
> (B) has the physical and economic characteristics of a Colonia, as determined by the Department.

(8) Committed--Funds budgeted to a household and approved by the Department.

(9) Competitive Application Cycle--A defined period during which applications may be submitted according to a published Notice of Funding Availability (NOFA). Applications will be

reviewed in accordance with the rules for Application review published in the NOFA, and Application guidelines. The Department may release funds in a two year funding cycle or less than two years.

(10) Contract--A written agreement, including all amendments thereto; executed by the Department and Technical Assistance Provider.

(11) Department--The Texas Department of Housing and Community Affairs.

(12) Development--Projects that have a construction component, either in the form of new construction or the rehabilitation of single family residential housing that meet the Texas Bootstrap Loan Program requirements.

(13) Drawn--Funds approved by the Department and disbursed to the Technical Assistance Provider.

(14) Household--One or more persons occupying a housing unit.

(15) HUD--United States Department of Housing and Urban Development.

(16) Low-Income Families--Owner-Builders may not have an annual income that exceeds 60 percent, as determined by the Department, of the greater of the state or local median family income, when combined with the income of any person who resides with the Owner-Buidler.

(17) New Construction--Any single-family structure not meeting the definition of Rehabilitation or Reconstruction.

(18) NOFA--Notice of Funding Availability, published in the *Texas Register*.

(19) NOHP--Nonprofit Owner-Builder Housing Program.

(20) Nonprofit Organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings benefiting 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, 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 nonprofit under 501(c)(3) of 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.

(D) A private nonprofit organization's pending application for 501(c)(3) status cannot be used to comply with the tax status requirement.

(21) Open Application Cycle--A defined period during which applications may be submitted according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. Applications will be reviewed in accordance with the rules for Application review published in the NOFA, and/or Application guidelines. The Department may release funds in a two year funding cycle or less than two years.

(22) Owner-Builder--A person or household who owns or purchases a piece of real property through a warranty deed; or is purchasing a piece of real property under a contract for deed;

and who undertakes to make improvements to that property and as further described in Section 2.16 of this chapter.

(23) Program--Texas Bootstrap Loan Program also know as the Owner-Builder Loan Program.

(24) Reconstruction--The rebuilding of a new single-family structure on the same lot where housing exists at the time of Owner-Builder loan application. Texas Bootstrap Loan Program funds may also be used to build a new foundation or repair an existing foundation.

(25) Rehabilitation--Includes the alteration, improvement or modification of an existing single family structure. It may also include moving an existing single family structure to a foundation constructed with Texas Bootstrap Loan Program funds.

(26) Related Party--As defined in Section 2306.6702 of the Texas Government Code.

(27) Self-Help Housing--The self-help housing process enables Owner-Builders to rehabilitate, reconstruct or construct their own homes, usually working together in groups on other eligible Owner-Builder's houses at the same time. Owner-builders use their own "sweat equity" to reduce the cost of their homes.

(28) Single-family structure--A property designed and built to support the habitation of one person or one household.

(29) Technical Assistance Provider (TAP)--A successful Applicant that has been awarded funds and has entered into a contract with the Department to administer the Texas Bootstrap Loan Program.

(30) Unit—A single family structure.

§2.3. Allocation of Funds

(a) The Department administers all Texas Bootstrap Loan Program funds provided to the Department in accordance with Subchapter FF, Chapter 2306 of the Texas Government Code. The Department shall:

(1) solicit gifts and grants to make loans under this chapter.

(2) The Department may also make loans under this chapter from:

- (A) available funds in the housing trust fund established under Section 2306.201, of the Texas Government Code; and
- (B) federal block grants that may be used for the purposes of this chapter; and
- (C) the Owner-Builder revolving loan fund established under 2306.7581, of the Texas Government Code.

(3) In a state fiscal year, the Department may use not more than 10 percent of the revenue available for purposes of this chapter to enhance the ability of tax-exempt organizations described by Section 2306.755(a) of the Texas Government Code to implement the purposes of this chapter.

(b) The Department shall establish an Owner-Builder revolving loan fund for the sole purpose of funding loans under this chapter pursuant to Section 2306.7581 of the Texas Government Code.

(c) The Department shall deposit money received in repayment of a loan under this chapter to the Owner-Builder revolving loan fund pursuant to Section 2306.7581 of the Texas Government Code.

(d) Each state fiscal year the Department shall transfer at least $3 million to the Texas Bootstrap Loan Program revolving fund from money received under the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.) from money in the housing trust fund; or from money appropriated by the legislature to the Department pursuant to Section 2306.7581 of the Texas Government Code.

§2.4. Applicant Requirements:

(a) Eligible Applicant. The following organizations or entities are eligible to apply for the Texas Bootstrap Loan Program:

(1) Colonia Self Help Centers established under Chapter 2306, Subchapter Z, Texas Government Code; or

(2) Nonprofit Owner-Builder Housing Program (NOHP) certified by the Department pursuant to Section 2306.755 of the Texas Government Code.

(b) Ineligible Applicant: The following violations ~~will~~ may cause an Applicant, and any Applications they have submitted, to be ineligible:

(1) previously funded Applicant(s) whose funds have been partially or fully deobligated due to failure to meet contractual obligations during 24 month period prior to the Application deadline date;

(2) Applicants who have not satisfied all eligibility requirements described in the NOFA, and application guidelines to which they are responding, and for which Administrative Deficiencies were unresolved;

(3) Applicants that have failed to make timely payment on debt instruments held by the Department and for which the Department has initiated formal collection actions or fee commitments due to the Department. ~~any loans or fee commitments made with the Department;~~

(4) Applicants that have been debarred by HUD or the Department; or

(5) Applicant, or their staff, violate the state's revolving door policy.

(c) Communication with Department Employees. Communication with Department employees by Applicants that submit an Application must follow the following requirements. During the period 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, the Applicant or a Related Party, and any Person may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet. 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; and

(3) a record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication

and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication.

(d) Noncompliance. Each application will be reviewed for its compliance history by the Department. Applications found to be in Material Noncompliance, or otherwise violating the compliance rules of the Department, will be terminated.

(e) Eligibility requirements. An Applicant must satisfy the following requirements in order to be eligible to apply for the Texas Bootstrap Loan Program funding and as more fully described in the NOFA and application guidelines, when applicable. The applicant must have the capacity to administer and manage resources as evidence by previous experience of managing state and/or federal programs based on each of the following preferred experience:

(A) Applicant must provide names and details, such as number of houses built, financing structure and construction timelines of previous projects in order to show evidence of its ability to carry out the Texas Bootstrap Loan Program in the areas of property development (including processes related to surveying, platting and recording of property), home loan processing, financing, coordinating with private financial institutions, acquiring, rehabilitating, reconstruction or constructing affordable single-family housing, in managing self-help housing and volunteer labor projects;

(B) Applicant must provide copies of program guidelines used to qualify Owner-Builders and homebuyer course curriculum in order to show evidence of its experience in qualifying potential Owner-Builders; providing education classes, counseling and training;

(C) Applicant must submit any past due audit to the Department in a satisfactory format on or before the Application deadline;

(D) Applicants must have met all performance and expenditure benchmarks as outlined in any existing or prior contracts awarded by the Department;

(E) Applicant must provide copies of documentation from the Texas Secretary of State and Comptroller's Office demonstrating Applicant is in good standing;

(f) If indicated by the Department, comply with all requirements to utilize the Department's website to provide necessary data to the Department.

§2.5. Application Limitations

(a) The Department reserves the right to reduce the amount requested in an Application based on program or project feasibility, need to ensure dispersion of funds, underwriting analysis, or availability of funds:

(b) An award amount for the Texas Bootstrap Loan Program shall not exceed $600,000 plus administrative fees not to exceed ~~4%~~ <u>six percent</u> of award amount, except as may be otherwise authorized by the Board or as otherwise stated in the NOFA.

(c) The contract term for the Texas Bootstrap Loan Program shall not exceed 24 months, except as may be otherwise authorized by the Board.

(d) Per household assistance from the Department for any Texas Bootstrap Loan Program Loans may not exceed $30,000 per-household pursuant to §2306.754(b) of the Texas Government Code. The Owner-Builder must obtain the amount necessary that exceeds $30,000 from one or more local governmental entities, nonprofit organizations, or private lenders. The total amount of repayable loans made by the Department and other entities to an Owner-Builder under the Program may not exceed $60,000 pursuant to 2306.754 (b) of the Texas Government Code.

(e) An award amount for Disaster Relief shall not exceed $750,000 plus administrative fees not to exceed ~~4%~~ six percent of award amount per State declared disaster, or as may be otherwise authorized by the Board.

§2.6. Program Activities

All eligible Applicants that satisfy the requirements of §2.4 may apply for Texas Bootstrap Loan Program funding.

§2.7. Prohibited Activities

The following activities are prohibited in relation to the origination of a Texas Bootstrap Loan Program Loan, but may be charged as an allowable cost by a third party lender for the origination of all other loans originated in connection with a Texas Bootstrap Loan Program Loan. ~~and are not eligible costs under the Program.~~

(a) Payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas Bootstrap Loan Program funds;

(b) Loan Origination Fees;

(c) Application fee;

(d) Discount fees;

(e) Underwriter fee;

(f) Loan Processing fees; and

(g) Other fees not approved by the Department.

§2.8. Distribution of Funds

(a) Set-Asides: In accordance with §2306.753(d) at least two-thirds of the dollar amount of loans made under this chapter in each fiscal year must be made to Owner-Builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code.

(b) Balance of State: The remaining one-third of the dollar amount of loans may be made to Owner-Builders in either a county under 2.8(a) of this section or a county not eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code.

(c) Redistribution: In an effort to commit Texas Bootstrap Loan Program funds in a timely manner, the Department may reallocate funds set-aside under 2.8(a), at its own discretion, to other areas of the state if:

(1) the Department fails to receive a sufficient number of Applications by the application deadline date stated in the NOFA from the set-asides or balance of state;

(2) no Applications are submitted; or

(3) Applications from the Set-Aside under 2.8(a) of this section that do not meet eligibility requirements or minimum threshold scores (when applicable), or are financially infeasible as applicable.

(4) The Department deobligated funds due to nonperformance from previous application cycles.

(d) Marginal Applications: When the remainder of the allocation within the set-aside under 2.8(a) or the balance of state is insufficient to completely fund the next ranked Application in the set-aside, it is within the discretion of the Department to:

(1) fund the next ranked Application for the partial amount, reducing the scope of the Application proportionally;

(2) transfer the remaining funds to either the balance of state or set-aside.

§2.9. Application & Award Process

(a) The Department will publish a NOFA in the *Texas Register* and on the Department's website. The NOFA may be published as either an Open or Competitive Application Cycle. The NOFA will establish and define the terms and conditions for the submission of applications, and may set a deadline for receiving applications under a Competitive Application Cycle. The NOFA will also indicate the approximate amount of available funds.

(b) An Applicant must submit a completed Application to be considered for funding. Applications containing false information and Applications not received by the deadline will be disqualified. Disqualified Applicants are notified in writing. All Applications must be received by the Department by 5:00 p.m. on the date identified in the NOFA, and Application guidelines, regardless of method of delivery.

(c) Applications received by the Department in response to an Application Cycle NOFA will be handled in the following manner:

(1) The Department will accept Applications until the Application deadline date on the NOFA. All Applications must be received during business hours (8:00 a.m. to 5:00 p.m.) on any business day. The Department may limit the eligibility of Applications in the NOFA, and application guidelines.

(2) Each Application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each Application will be evaluated against the criteria outlined in this rule.

(3) The Department will ensure that the Application is reviewed for all materials required under the NOFA, and Application guidelines. Applications must comply with all applicable Texas Bootstrap Loan Program and Housing Trust Fund requirements or regulations established in these rules. Applications that do not comply with such requirements are disqualified. Disqualified Applicants are notified in writing.

(4) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies 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. 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. Applicants must submit the requested information to the Department within five business days.

(5) Applicants will be notified of their score in writing no later than seven calendar days after all applications have been scored. If sufficient applications are not received in the set-aside area, any remaining funds will be redirected to the balance of the state. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.

(6) Upon completion of the applicable final review and scoring, Applications will be ranked based on set-aside or balance of state and presented to the Executive Awards Review and Advisory Committee (the Committee). The Committee will then recommend to the Board awards of funds to specific Applicants.

(7) The Department may decline to fund any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process.

(8) Subsequently, recommendations for funding will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be approved.

(9) Applicants may appeal staff's decision regarding their applications in accordance with §1.7 of this title.

(10) In the event of a tie between two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed project identified in the Application. Tied Applicants may also receive a partial recommendation for funding.

(d) An Application received from an Applicant with Co-Applicants will be scored accordingly:

(1) Each Applicant and Co-Applicant from an organization must meet the General Threshold Criteria as outlined in §2.10 and Selection Criteria outlined in §2.11. Each Applicant and Co-Applicant must achieve a minimum threshold score of 70 points based on the Department's review in order to be consider eligible to receive a funding recommendation. If an Applicant and/or Co-Applicant does not achieve the minimum threshold score that particular Applicant and/or Co-Applicant will be disqualified.
(2) The number of houses each Applicant and/or Co-Applicant plans to build or rehabilitate will be determined by Department Staff based on the data provided by the Applicant and Co-Applicant.
(3) The score determined for each Applicant and Co-Applicant will apply as a score to each house the Applicant and Co-Applicant plans to build or rehabilitate.
(4) The final score applied to the application will be the average of all scores weighted by the number of houses per Applicant and Co-Applicant.

(e) Alternative Dispute Resolution Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, and Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. 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.

§2.10. General Threshold Criteria

At a minimum, the following criteria must be satisfied in the Application for the Texas Bootstrap Loan Program fund. The applicable criteria are further delineated in the Application guidelines and NOFA, which are part of the application package.

(1) Needs Assessment—Applicant must demonstrate whether the proposed project meets the demographic, economic and special need characteristics of the population residing in an underserved area (colonia or Economically Distressed County as defined within the NOFA or application).

(2) Operational Capability and Experience of Applicant--Whether the Applicant has the capacity to administer and manage the proposed program/project, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, managing self-help housing, volunteer labor projects involving acquisition, rehabilitation, reconstruction, new construction, home buyer education classes, real estate finance counseling and training or other activities relevant to the proposed program.

(3) Financial Design. Applications for funding will be reviewed for written evidence of the capacity to maintain financial systems, including the responsibility of accounting staff. The Application must adequately describe the lead Applicants and co-Applicants financial standing for the last three years. The review will be based on the supporting financial data provided by Applicants and third party reports such as financial statements and audits submitted with the Application. Submission of "Independent Auditor's Report" dated within 12 months of application deadline date <u>expressing an unqualified opinion</u>~~, describing the financial standing of the applicant within the last three years~~. Report must show evidence of Applicant's capacity to maintain an effective financial system, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

(4) Leveraging of public and/or private resources. Does the applicant and/or co-applicant have private-sector support for the project from community and/or neighborhood organizations, local businesses and commercial lenders or private individuals as well as units of local government.

(5) Program Design. Applications for funding will be reviewed for written evidence of how the Owner-Builders will meet the 60% sweat equity requirement. Applicant must describe in detail how the program guidelines will be used to identify and prioritize families earning less than $17,500. In addition Applicants must provide specific development plans, program

schedules and performance benchmarks that will enable them to build units within a 24 month contract.

§2.11. Selection Criteria for Texas Bootstrap Loan Program

(a) Maximum points available is 100. Applications must achieve a minimum threshold score of 70 points based on the Department's review in order to be considered eligible to receive a funding recommendation.

(b) The following selection criteria point breakdown will be utilized when scoring Applications:

~~(1) Income Targeting: (Maximum Points: 13) Points will be awarded based on the percentage of total households targeted to specific income levels as defined by HUD's Area Median Family Income.~~

~~(i)10% to 19.99% of units at 30% AMFI, 4 points;~~

~~(ii)20% to 39.99% of units at 30% AMFI, 6 points;~~

~~(iii)40% to 59.99% of units at 30% AMFI, 8 points;~~

~~(iv)60% to 79.99% of units at 30% AMFI, 10 points;~~

~~(v)~~(i) ~~80% to 100.00% of units at 30% AMFI, 13 points.~~

(~~2~~1) **Previous Award, Past Performance and First Time Applicants.** (Maximum Points: 10) Applicants will receive 10 points for having received an award from the Bootstrap Program and performed in accordance with their contracts and Department rules. If performance benchmarks as outlined in contract have not been met or funds have been deobligated or if Applicant has been found in noncompliance on any prior award described in Section 2.12 of this chapter, a score of zero points will result. Unsatisfactory past performance on any contract will be forgiven for funding purposes if three years from the Application deadline date has elapsed and the Department in its sole discretion, is satisfied that the conditions of such performance have been rectified. In an effort to encourage participation in the Texas Bootstrap Loan Program first time Applicants will be awarded 10 points if the Applicant demonstrates at least three years of experience by providing details of previous projects and/or resumes of persons involved in self-help housing construction projects. Projects and resumes will be reviewed and verified by the Department staff.

(~~3~~2) **Letters of support.** (Maximum Points: 10) Points will be awarded based on a review of the letters (up to five letters; 2 points per letter up to a maximum of 10 points.) submitted from community and/or neighborhood organizations, local businesses and commercial lenders or private individuals as well as units of local government who indicate support to the Texas Bootstrap Loan Program project. To be considered for scoring, the letters must, include the company's name, contact person (full name), address, city, state, and zip code; signed and dated within ~~three~~ twelve months of the application deadline.

(~~4~~3) **Readiness to Proceed.** (Maximum Points: 10) Points will be awarded based on a review of the commitment letters provided to Owner-Builders interested in participating in the Texas Bootstrap Loan Program. To be considered for scoring, the letters must be on applicant's letterhead, including: Owner-Builder's name, address, city, state, zip code and phone number. Letters must be signed by both Owner-Builder and nonprofit organization and dated within ~~three~~ twelve months of application deadline. 2 point per letter for a maximum of 10 points.

(~~5~~4) **Level of Homebuyer Counseling for Homebuyer Assistance.** (Maximum Points: 4) Points will be awarded based on a review of the documentation submitted describing the level of homebuyer counseling proposed for potential homebuyers. Maximum of 4 points.

(A) Copy of curriculum meeting Department requirements as described in Application, 2 points; and

(B) Post purchase counseling to be provided, 2 points.

(~~6~~5) **Lien Position.** (Maximum Points: 10) To encourage participation, the Department may subordinate its lien position if the leveraged loan is greater or equal than the Department's loan. However, liens related to other subsidized funds provided in the form of grants and nonamortizing loans, such as deferred payment or forgivable loan, must be subordinated to the Department's loan. If the Department is in a first lien or in a parity lien position based on this standard, the Applicant will be awarded 10 points. If the Department subordinates its lien and the leveraged loan is greater than the Department's loan, the Applicant will be awarded 5 points.

(~~7~~6) **Operational Capability and Experience.** (Maximum Points: 10) Points will be awarded based on the number of years of experience the Applicant demonstrates in managing self-help housing and volunteer labor projects, construction, real estate financing, counseling and other relevant activities. For each year of experience in managing self-help housing projects Applicant will be awarded 2 points (maximum of 10 points). Must demonstrate years of experience by providing details of previous projects and/or resumes of persons involved in the self-help project must be submitted with the Application. Project and resumes will be reviewed and verified by the Department staff.

(~~8~~7) **Program Design.** (Maximum Points: 46~~33~~) Points will be awarded based on the comprehensive and thorough program design. Points are awarded only to the extent the design is well planned and a sound proposal is submitted:

(A) Describe in detail by identifying what construction activities will be done by the Owner-Builder to meet the 60% sweat equity construction requirement will be met; (20~~10~~ points)

(B) Provide the program guidelines that will be used select the Owner-Builders; (8 points)

(C) Describe how families earning less that $17,500 will be identified and prioritized (8 ~~5~~ points)

(D) Describe the specific development plans, program/construction schedule and performance benchmarks that will enable the Applicant to select and qualify Owner-Builders and build or rehabilitate houses within a 24 month contract; (10 points)

§2.12.Program Administration

(a) Agreement. Upon approval by the Board, Applicants receiving Texas Bootstrap Loan Program funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Applicant.

(b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Program written agreement provided that:

(1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; and

(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.

(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for consideration.

(c) Sanctions/Deobligation.

(1) The Department in accordance with its Administrative Rules may apply appropriate graduated sanctions leading up to, but not limited to deobligation of funds and future debarment from participation in the program in the following situations:

(A) Technical Assistance Provider has any unresolved compliance issues on existing or prior contracts with the Department;

(B) Technical Assistance Provider fails to set-up programs/projects or expend funds as outlined in the program Contract;

(C) Technical Assistance Provider defaults on any agreement by and between Technical Assistance Provider and the Department;

(D) Technical Assistance Provider misrepresents any facts to the Department during the Program application process, award of contracts, or administration of any Department contract;

(E) Technical Assistance Provider demonstrates the inability to provide adequate financial support to administer the Program contract or withdrawal of significant financial support;

(F) Technical Assistance Provider fails to build or rehabilitate the number of houses under the contract.

(G) The Department may use all applicable contract provisions and/or any relevant rules to assure compliance with these rules or contract terms.

(d) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.

(e) Additional Funds. In the event the Department has additional funds in the same funding cycle, the Department, with Board approval, may elect to distribute funds to other Applicants.

(f) The Department may terminate a contract in whole or in part. If Technical Assistance Provider has not achieved performance benchmarks outlined in contract within six (6) months of the effective date of the contract, the contract may be terminated. The Department will track substantial progress during the initial six (6) month period and throughout the contract term.

(1) Performance must be satisfactorily completed during the term of the contract as follows:

(A) By the end of the second quarter from the effective date of the contract period, the Technical Assistance Provider must have submitted for approval a minimum of 50% of the eligible Owner-Builder applicants to the Department.
(B) By the end of the third quarter from the effective date of the contract period, the Technical Assistance Provider must have submitted for approval 100% of all eligible Owner-Builder applicants to the Department.
(C) By the end of the fourth quarter from the effective date of the contract period, the Technical Assistance Provider must ensure that 50% of the approved Owner-Builder applicants have completed all of the Department's loan closing documents as applicable and started construction on their home.
(D) By the end of the fifth quarter from the effective date of the contract period the Technical Assistance Provider must ensure that 100% of the approved Owner-Builder applicants have completed all of the Department's loan closing documents as applicable and have started construction on their home.
(E) By the end of the sixth quarter from the effective date of the contract period, Technical Assistance Provider must ensure that 50% of houses awarded under the contract are completed and meet all applicable codes and standards.
(F) By the end of the seventh quarter from the effective date of the contract period, Technical Assistance Provider must ensure that 100% of houses awarded under the contract are completed and meet all applicable codes and standards.
(G) The eighth quarter is reserved to complete and fund the remaining houses, project close-out and the Department monitoring functions
(H) Loan closing will take place at a title company and the funds will be disbursed upon receipt of proper documentation from the title company selected by the Technical Assistance Provider or the Department. All other draws will be disbursed as described in the Program Documents.
(I) Quarterly reports are due by the Technical Assistance Provider to the Department on the 20th of the month following the end of each calendar quarter. All funding will be suspended until reports are received.

(g) Lower percentages may be allowed as approved by the Department due to an extenuating circumstance. An extenuating circumstance is an event or set of incidents beyond the control of the Technical Assistance Provider as determined by the Department.

(h) Roles and responsibilities for administering the program contract. Technical Assistance Provider's (TAP) are required to:
(1) qualify potential Owner-Builders for loans;
(2) provide Owner-Builder homeownership education classes;
(3) assist Owner-Builders in building and/or rehabilitate housing;
(4) facilitate loans made or purchased by the Department under the Program; and
(5) implement and administer the Program on behalf of the Department

(i) Loan Origination/Loan Servicing. A Technical Assistance Provider who receives an award or a reservation of funds may request to enter into a Loan Origination and/or Loan Servicing Agreement with the Department. The Department may grant the request upon reviewing the Technical Assistance Provider's capacity to implement those specific functions.

(j) First year consultation agreement. The Technical Assistance Provider agrees that if notified by the Department that Owner-Builder (Mortgagee) has failed to make a scheduled payment due under the Program Loan, or other payments due under the Program Loan documents issued under Contract, within the first twelve (12) months of funding, the

Technical Assistance Provider will be required to meet with the Owner-Builder and provide counseling and assistance until the payments are made current. After consultation and in the event that the Department and Technical Assistance Provider are not able to reach a consensus about Technical Assistance Provider's effort to bring the Program Loan current as required under this chapter,~~;~~ the Department in accordance with its Administrative Rules may apply appropriate graduated sanctions leading up to, but not limited to deobligation of funds and future debarment from participation in the program.

~~may require Technical Assistance Provider to purchase or repurchase the Program Loan in question in full~~.

(k) Conflict of Interest. The Technical Assistance Provider shall ensure that no employee, officer, or agent of Technical Assistance Provider shall participate in the selection, or in the award or administration of a subcontract supported by funds provided under this program if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: the employee, officer, or agent; any member of his or her immediate family; his or her partner; or, any organization which employs, or is about to employ any of the above; has a financial or other interest in the firm or person selected to perform the subcontract. The Technical Assistance Provider may not accept an application from any of its officers or employees nor any spouse or person related within the third degree of affinity (marriage) or consanguinity (blood) to any officer or employee of the Technical Assistance Provider.

(l) Administrative Fee. The Technical Assistance Provider may request 50% of their administrative fee when 100% of all applicants have been approved by the Department. The remaining 50% may be requested on a unit basis when each home is 100% completed and funded.

(m) Blueprints. If Technical Assistance Provider's activity is interim or residential construction, Technical Assistance Provider must provide an original copy of the proposed blue prints to be approved by the Department prior to accepting applications. Blue Prints must include the required construction requirements pursuant to §2306.514 of the Texas Government Code.

(n) Work Write-up. The Technical Assistance Provider must establish written rehabilitation standards to apply to all rehabilitation projects. At a minimum, these standards must ensure that the home will meet CHS or HQS. Work write-ups must be reviewed and approved by the Department, before rehabilitation is started. The Technical Assistance Provider must also adopt a set of general specifications that provide detailed guidance to Owner-Builders and contractors on how to complete specific items in a work write-up.

(o) Loan program requirements. The Department may purchase or originate loans that conform to the lending parameters and the specific loan Program requirements as follows:

(1) Maximum Loan amount not to exceed $30,000. If it is not possible for the Owner-Builder to purchase necessary real property and build adequate housing for $30,000, the Technical Assistance Provider must obtain additional funding from one or more local governmental entities, nonprofit organization, or private lender;
(2) Minimum Loan amount is $1,000;
(3) The total amount of all repayable loans under the Program may not exceed $60,000 (repayable amortized loans);
(4) May not exceed a term of 30 years;
(5) Minimum loan term of 5 years;
(6) 0% non-interest loans;

(7) The Department may subordinate to a lien that secures the amount above $30,000 when necessary as further described in §2.15(c) of this Chapter;
(8) When refinancing a contract for deed, the Department will not disburse any portion of the Department's loan until the Owner-Builder receives a deed to the property;
(9) Owner-builder(s) must have resided in this State for the preceding six months prior to the date of application;
(10) Total Debt-to-Income Ratio: Maximum of 45% (unless otherwise dictated by the mortgage insurer, if any);
(11) Liabilities: The Owner-Builder applicant's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than 10 monthly payments remaining. Debts for which the Owner-Builder applicant is a co-signer will be included in the total monthly obligations unless the other party to the note provides evidence in the form of 12 months' canceled checks or bank statements showing that the Owner-Builder applicant has not been making payments on the co-signed loans. There may be no late payments within the past 12 months or the debt will be included. Payments on installment debts which are paid off prior to funding are not included for qualification purposes. Payments on revolving debt will be included in debt ratio calculation, even if the Owner-Builder applicant intends to pay off the accounts, since the Owner-Builder applicant can reuse those credit sources. Any bankruptcy must have been discharged. If an Owner-Builder has had a foreclosure within the past 24 months they may not be eligible to participate in the program.
(12) Must be a detached single-family residence or property located within the State of Texas. Manufactured homes are not eligible. All property taxes must be current prior to closing;
(13) The residence must be occupied as the principal residence of the Owner-Builder within thirty (30) days of the later of the end of the construction period or the closing of the loan. Any additional habitable structures must be removed from the property prior to closing.
(14) Escrow Account- Besides the loan payments, other costs associated with being a homeowner include real estate taxes, hazard insurance and flood insurance premiums, and related costs such as street or water assessments. The Department has an interest in making certain that these costs are paid in order to protect the property from tax sale or foreclosure, and to make certain that funds will be available to repair the property should it be damaged. The Owner-Builders will be required to deposit monthly funds to an escrow account with the 1st lien holder in order to pay the taxes and insurance statements. This will ensure that funds are available to pay for the cost of real estate taxes, insurance premiums, and other assessments when they come due. These funds are included in the Owner-Builders monthly payment to the Department. If the Department is in a 1st lien position the Department will establish and administer the escrow accounts in accordance with the Real Estate Settlement and Procedures Act of 1974 (RESPA).
(15) Non-Purchasing Spouse-An Owner-Builder applicant's spouse who does not apply for the loan will be required to execute the deed of trust as a "non-purchasing" spouse and will not be required to execute the note. For credit underwriting purposes, the Owner-Builder applicant's spouse will be qualified using obligations for which the Owner-Builder applicant's spouse is personally or jointly liable. Only the income of the Owner-Builder applicant spouse will be counted. For program eligibility purposes, the income of a non-applicant spouse must be included in the calculation of family

income. Tax Returns, W2's and recent pay check stubs, or Verification of Employment must be submitted to document family income.

(p) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Texas Bootstrap Loan Program 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.

§2.13. Owner-builder qualifications. The Owner-Builder must:

1) Own and be refinancing or be purchasing a piece of real property through a warranty deed or Contract for Deed;
2) Not have an annual household income that exceeds 60% of the greater of the state or local area median family income as determined by HUD income guidelines;
3) Demonstrate the willingness and ability to repay the loan;
4) Execute a Self-Help Agreement committing to provide at least 60% of the labor necessary to build the proposed housing working through a state-certified NOHP or; provide an amount of labor equivalent to 60% in connection with building housing for others through a state certified NOHP. For elderly or Owner-Builders with disabilities, 60% sweat equity may be documented in form of volunteers;
5) Not have liquid assets in excess of $25,000 (excluding retirement and/or 401K accounts);
6) Successfully complete an Owner-Builder homeownership education class prior to loan approval;
7) Be given priority for loans if the Owner-Builder has an income of less than $17,500 annually.
8) Not be currently in delinquency or in default with child support and/or government loans.
9) Not have any outstanding judgments and/or liens on the property.

§2.14. Types of Funding Transactions. All mortgage loans will be evidenced by a promissory note and will be secured by a lien on the subject property. The following transaction types are permitted by the Department under the Program.

(a) Purchase Money. In a purchase money transaction, all proceeds are used to finance the purchase of a single-family dwelling unit and/or a piece of real property which will be the Owner-Builders primary residence within 30 days of closing the loan. In this instance, a permanent loan is made and the Owner-Builder's repayment obligation begins immediately. In certain situations, eligible closing costs may be financed by the loan proceeds.

(b) Residential Construction (One Time Closing with Owner Builder). An interim construction loan, also known as a residential construction loan, this transaction is treated as a purchase, because it is a one time closing with the Owner-Builder. Construction period is for 12 months at which time payments will begin on the 13th month after closing.

(c) Interim Construction (Closing with Technical Assistance Provider). Interim construction is a commercial transaction between the Technical Assistance Provider and the Department. The construction period is for 12 months, once the construction of the home is completed the closing with the Owner-Builder will take place as a purchase money transaction.

§2.15. Leveraged Loans. When additional loans are utilized in addition the loan under this program, lenders are expected to charge reasonable and customary interest rates and fees. The Technical Assistance Provider may be able to help the applicant negotiate favorable terms.

(a) The leverage loan interest rate ~~must be the rate the lender typically charges to its best mortgage applicant customer. An extra amount may not be charged because of low income or other high risk factors. The interest rate~~ may be no more than ~~2%~~3.5% ~~(200 basis points)~~ above the FHA rate at the time of closing. Also, the lender may not include "points" to buy down or pre-pay the interest.

(b) Loan fees must be minimized and all fees must be reasonable. "Underwriting fees" and similar add-ons are not permitted. The total fees paid to the lender may not exceed 3.5% of the lender's loan. (This limitation on the lender applies regardless of whether the buyer or seller pays the fees.) In general, the Technical Assistance Provider must assure loan fees are minimized. The 3.5% is a maximum, not a baseline.

(c) The Department may accept a parity or subordinate lien position if the leveraged loan is greater or equal than the Department's loan. However liens related to other subsidized funds provided in the form of grants and nonamortizing loans, such as deferred payment or forgivable loans, must be subordinated to the Department's loan.

§2.16. Property guidelines and related issues

(a) At a minimum, properties located in a colonia, financed by the Department must meet Colonia Housing Standards ("CHS") only if no additional financing options are available. Properties located in all other areas must meet at a minimum Section 8 Housing Quality Standards (HQS). The applicable "HQS" or "CHS" Inspection report must be completed for each subject property where Housing Trust Funds are being utilized for Interim or Residential construction.

(b) If the Technical Assistance Provider is utilizing program funds to construct the home they must conform to §2306.514 of the Texas Government Code.

(c) If the property is located within an incorporated area where certain building codes must be met a certificate of occupancy must be submitted to the Department upon completion of construction. If the property is located outside of an incorporated area, an inspection by a certified third party licensed inspector must be completed and submitted to the Department upon completion of construction. In both instances any deficiencies noted on the certificate of occupancy or the third party inspector's report must be corrected prior closing.

(d) Appraisals will be required by the Department on each loan prior to funding.

(e) Surveys are required. Lot and final surveys will be required to be submitted.

(f) Insurance requirements:

(1) Title Insurance. The title insurance must be written by a title insurer licensed to do business in the jurisdiction where the mortgaged property is located.

(A) Title Commitment. A copy of the preliminary title report including complete legal description, and copies of covenants, conditions and restrictions, easements, and any supplements thereto is required. The preliminary title report should not be more than ninety (90) days old at the time the submission package (Submission or Funding Package) is sent to the Department.

(B) Mortgagee's Policy. The Department requires a Mortgagee's policy of title insurance in the amount of the loan. Loss Payee named shall be: "Texas Department of Housing and Community Affairs". Required endorsements include-T-36 Environmental Endorsement for all loans made by the Department.

(2) Property Insurance.

(A) Builder's Risk Insurance ~~Interim construction binders are~~ is required where construction of the residence is being financed by the Department. At the end of the construction period, the binder must be endorsed to remove the "pending disbursements" clause.

(B) Hazard Insurance. The Department requires property insurance for protection against loss or damage from the following perils: fire, windstorm, hail, explosion, riot, and civil commotion, damage by aircraft, vehicles or smoke. Homeowner's policies or package policies that provide property and liability coverage are acceptable. All risk policies are acceptable. The amount of hazard insurance coverage at the time the loan is funded must be no less than 100% of the current insurable value of improvements. The Department will require that the premium for a 12 month homeowner's policy be collected at closing and naming the Department as mortgagee. ~~In the case of a construction/permanent loan, builder's risk coverage is required for the construction period, provided that the premium for a 12 month homeowner's policy is collected at closing for the purchase of a homeowner's policy at the end of construction. A builder's risk policy is acceptable while the dwelling is under construction as long as it meets the Department's requirements. An acceptable policy either: (1) names the borrower as the insured; or (2) contains a builder's risk endorsement for a policy issued to the borrower. A policy issued only to a contractor is not an acceptable substitute for the property insurance a borrower is required to provide. A builder's risk policy should automatically convert to full coverage when the dwelling is completed. Otherwise, acceptable insurance must be obtained to coincide with the expiration of the builder's risk provisions of the policy.~~

(C) Flood insurance is required for all structures located in special flood hazard areas where the U.S. Federal Emergency Management Agency (FEMA) has mandated flood insurance coverage. The Department will require a life of loan flood certification on all loans. The Department is not originating the loan, but rather purchasing the loan. The flood certification must be part of the Submission or Funding Package and must be transferred to the Department. Flood insurance is not required if the Technical Assistance Provider or Owner-Builder applicant obtains a Letter of Map Amendment from FEMA stating that the area is no longer classified as a special flood hazard area. The letter must include a map illustrating the amended flood hazard area. An Owner-Builder applicant may elect to obtain flood insurance even though flood insurance is not required. However, the Owner-Builder applicant may not be coerced into obtaining flood insurance unless it is required in accordance with this section. Evidence of insurance must be obtained prior to loan funding. Insurance premiums for at least 12 months must be paid in advance. The Department must be named as loss payee (or the policy must be endorsed to the Department.

§2.17. Nonprofit Owner-Builder Housing Program (NOHP) Certification

(a) Definitions and Terms. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Applicant--A private nonprofit organization that has submitted a request for certification as a NOHP to the Department. An Applicant for the Texas Bootstrap Loan Program must be a NOHP certified by the Department or as otherwise certified or designated as described in subsection (D) of this section.

(2) Articles of Incorporation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Secretary of State.

(3) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the articles of incorporation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's articles or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.

(4) Resolutions--Formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of person or persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate bylaws.

(b) Application Procedures for Certification of NOHP. An Applicant requesting certification as a NOHP must submit an application for NOHP certification in a form prescribed by the Department. The NOHP application must be submitted prior to submitting an application for Texas Bootstrap Loan Program funding, and be must recertified every three years. The application must include documentation evidencing the requirements of this subsection.

(1) Applicant must have the following legal status at the time of application to apply for certification as a NOHP:

(A) The applicant must be organized as a private nonprofit organization under the Texas Nonprofit Corporation Act or other state not-for-profit/nonprofit statute as evidenced by Charter or Articles of Incorporation.

(B) The Applicant must be registered with the Secretary of State to do business in the State of Texas.

(C) No part of the private nonprofit organization's net earnings may inure to the benefit of any member, founder, contributor, or individual, as evidenced by Charter or Articles of Incorporation.

(D) The Applicant must have the following tax status:

(i) A current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective while certified as a NOPH, or

(ii) Classification as a subordinate of a central organization non-profit under the Internal Revenue Code 501 (c)(3), 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.

(iii) A private nonprofit organization's pending application for 501(c)(3) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's Charter, Articles of Incorporation, Resolutions or Bylaws:

(2) An Applicant must have the following capacity and experience listed in (A) through (C) of this paragraph.

(A) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems" as evidenced by:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department; or

(ii) certification from a Certified Public Accountant.

(B) Has a demonstrated capacity for carrying out activities assisted with Texas Bootstrap Loan Program funds, as evidenced by resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with Texas Bootstrap Loan Program funds; or contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with Texas Bootstrap Loan Program funds, to train appropriate key staff of the organization.

(C) Has a history of serving the community within which housing to be assisted with Texas Bootstrap Loan Program funds is to be located as evidenced by:

(i) statement that documents at least one year of experience in serving the community; or

(ii) for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community.

(iii) The NOHP or its parent organization must be able to show one year of serving the community prior to the date the Department provides funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing and rehabilitating existing stock. The statement must be signed by the president or other official of the organization.

(3) An Applicant must have the following organizational structure:

(A) written provision or statement in the organizations By-laws, Charter or Articles of Incorporation;

(B) affidavit in a form prescribed by the Department signed by the organization's Executive Director and notarized; and

(C) current roster of all Board of Directors, including names and mailing addresses.

(D) A local or state government and/or public agency cannot qualify as a NOHP, but may sponsor the creation of a NOHP.

(4) Religious or Faith-based Organizations may sponsor a NOHP if the NOHP meets all the requirements of this section. While the governing board of a NOHP sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the faith-based organization may retain control over appointments to the board. If a NOHP is sponsored by a religious organization, the following restrictions also apply:

(A) Housing developed must be made available exclusively for the residential use of program beneficiaries and must be made available to all persons regardless of religious affiliations or beliefs;

(B) A religious organization that participates in the Texas Bootstrap Loan program may not use Texas Bootstrap Loan Program funds to support any inherently religious activities such as worship, religious instruction, or proselytizing;

(C) Texas Bootstrap Loan Program funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Sanctuaries, chapels, or other rooms which a faith-based NOHP uses as its principal place of worship are always ineligible.

(D) Compliance with clauses (A)-(C) of this subparagraph may be evidenced by the Organizations By-laws, Charter or Articles of Incorporation.

(c) The Department may certify NOHP's meeting all of the above criteria operated by a tax-exempt organization listed under Section 501(C)(3), Internal Revenue Code of 1986 to:

(1) qualify potential Owner-Builders for loans under this chapter;
(2) provide Owner-Builder education classes;
(3) assist Owner-Builders in building housing; and
(4) originate and/or service loans made under this chapter.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

DECEMBER 14, 2006

Action Items

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of the Final Colonia Self-Help Centers Rules, to be codified at 10 Texas Administrative Code, Chapter 3.

Required Action

Department Staff recommends that the Board review and approve the final rule for the Colonia Self-Help Center 10 Texas Administrative Code, Chapter 3.

Background

On October 27, 2006 the Colonia Self-Help Center Program Draft Rules were published in the *Texas Register*. The public comment period for the draft rules commenced upon publication and ended on November 26, 2006. In addition to publishing the document in the *Texas Register*, a copy was published on the Department's web site and made available to the public upon request. The Department held public hearings in San Antonio, Dallas, McAllen, and El Paso Texas. In addition to comments received at the public hearings, the Department received written comments. A summary of the comment received and a Department response to each comment is attached.

Recommendation

Staff recommends Board approval of the final rules for the Colonia Self-Help Center program based with staff recommendations in response to public comment.

Attachment- Colonia Self Help Center Rules and Summary of Public Comment.

Reasoned Response to Public Comment on the Colonia Self-Help Center Program Draft Rules

This document provides the Department's response to all comments received. Comments and responses are presented in the order they appear in the Colonia Self-Help Center Program Draft Rules.

Language deleted from the Colonia Self-Help Center Program Draft Rules is shown with single strikethrough and new language proposed for the Colonia Self-Help Center Program Draft Rules is shown with a single underline.

General Comment: (1)
The commentator stated that multiple dwellings are a big problem in Webb County; the County is restricted by rules and regulations on assisting multiple dwellings. The County would like some type of waiver to assist these property owners with housing rehabilitation.

Staff Response:
There is no federal, state or programmatic prohibition against assisting the low to moderate income residents of multiple dwellings on a single lot as long as it is consistent and in compliance with local policy. Local utility service providers for services such as water, wastewater or electricity may impose policies that limit the provision of meters to one meter per lot. Also, through the development of housing guidelines which must be approved by the Department, a county may, at its discretion, limit the provision of housing rehabilitation services to one residence on one lot or only serve lots with a single dwelling.

§3.2. Definitions-(2)
Comment
The commentator stated that the term Colonia Self-Help Center provider is not defined in the program rules.

Staff Response:
Staff recommends that §3.2. Definitions are revised to add the following definition to the Colonia Self-Help Center Program Draft Rules.

> §3.2. - **DEFINITIONS**
> <u>(6) Colonia Self-Help Center provider—An organization with which the Contractor has an executed contract to administer Colonia Self-Help Center funds.</u>

§3.11. Distribution of funds and proposal requirements-(2,12)
Comment:
The commentators asked if the County could conduct the Request for Proposal (RFP) process to select a Colonia Self-Help Center provider after the contract has been executed instead of conducting the RFP process before a contract is executed with the Department. In addition, request that more time be given for RFP submission from 90 days to 120 days to allow all parties to review contract with a seamless transaction.

Staff Response:
Staff recommends no change to the RFP process. The current process outlined in the Colonia Self-Help Center Draft Rules allows the county and the nonprofit organization selected as the Colonia Self-Help Center provider the opportunity to jointly develop the application for the Colonia Self-Help Center Program. Staff believes that this cooperation will produce projects that will reflect both the long-term development goals of the county and the strengths of the Colonia Self-Help Center provider instead of making the county choose between various one-sided proposals for what an organization intends to do with the funding. However, staff agrees that more time should be given to the RFP process and that the amount expended be reduced to 80% in order to allow the county to conduct and clear any issues relating to the project start-up (proposal review, C-RAC meeting, board approval, contract award, and environmental) as well as to avoid a break in service between the county and the nonprofit organization selected as the Colonia Self-Help Center provider, staff recommends the following changes to §3.11. – Distribution of funds to read as follows:

> §3.11. DISTRIBUTION OF FUNDS AND PROPOSAL REQUIREMENTS
> (1) The county submits its Proposal ~~ninety (90)~~ one hundred and twenty (120) days before the latter of the expiration of its current contract, or when ~~90%~~ 80% of the funds under the current contract have been expended along with the needs assessment during the open cycle.

§3.13. Threshold Selection Criteria-(4)
Comment:
The commentator stated that the preferred experience of the Colonia Self-Help Center provider be revised in order to allow those organizations who have a higher capacity but with less experience the opportunity to apply as a Colonia Self-Help Center provider. The amount of experience an organization has does not always equate with the capacity.

Staff Response:
Staff recommends no change to this rule. In order to ensure sufficient capacity and experience, staff will continue to provide technical assistance to the Contactors and Colonia Self-Help Center provider in order to meet §3.13. Threshold Selection Criteria.

§3.14. Expenditure Threshold Requirements-(1,2,7,8,12)
Comment:
The commentators requested that the expenditure threshold requirements set by the Department be revised, the current expenditure thresholds outlined in the Colonia Self-Help Center Draft Rules are unrealistic to reach under the Colonia Self-Help Center Program due to the length of time that is necessary to conduct the environmental assessment, project start-up, and other administration duties that need to be cleared by the Department before the Contractors and Colonia Self-Help Center provider can start to obligate and expend any funds.

Staff Response:
Staff recommends that §3.14. Expenditure Threshold Requirements is revised to allow more time to be given to the Contractors to initiate environmental review and clear any issues relating to the project start-up before obligating or expending any funds that could result in not achieving the program objectives and possible financial liabilities to the Department for

unallowable or unsupported expenditures. The Contractors and Colonia Self-Help Center provider will be required to submit program information at the detailed project activity level that specifics all progress made towards meeting contract performance and expenditure threshold requirements in addition to the summary information collected at the contract level. Upon receipt of program information, staff will track progress through the ORACLE database system and quarterly reports. Staff recommends the following changes to §3.14. – Expenditure Threshold Requirements should read as follows:

> §3.14. - **EXPENDITURE THRESHOLD REQUIREMENTS**
> (a) A county that has a current contract must meet the following expenditure threshold requirements:
>
> (1) 6-Month Milestone. Any County that has not begun any project activities, <u>including the initiation of the environmental review</u> within six months after contract execution will have its funds subject to deobligation. The county will be evaluated after the first ~~six~~ <u>twelve</u> months of the contract period for progress made to carry out project activities.
>
> (2) ~~12~~ <u>18</u>-Month Milestone. The county must expend at least thirty (30%) percent of the total Colonia Self-Help Center funds awarded within ~~twelve~~ (~~12~~) <u>eighteen</u> <u>(18)</u> months from the start date of the contract.
>
> (3) ~~24~~ <u>30</u>-Month Milestone. The county must expend at least sixty percent (60%) of the total Colonia Self-Help Center funds.
>
> (4) ~~36~~ <u>42</u>-Month Milestone. In order to meet this requirement the county must expend at least ninety percent (90%) of the total Colonia Self-Help Center funds.
>
> (5) 50-Month Milestone. If a county has a contract that is 48 months old or older, one hundred percent (100%) of all activities have completed all contract fund requests, and a Certificate of Completion report (which documents the expenditure of all Colonia Self-Help Center funds utilized for contract activities and does not include any reserved funds other than the funds needed to pay for a final audit) must be submitted to the Department. To meet this threshold, all the Colonia Self-Help Center funds needed for the contract activities, except for the reserved audit funds, must be expended in order to be considered for future funding.

§3.15 Contract Delivery Administration - (d) Request for Payments (8)
Comment:
The commentator stated that the monthly submission of request for payments required under the Colonia Self-Help Program Draft Rule is not feasible to reach at times when Contractors are doing procurement procedure for some of the activities which could result in slow production and therefore Contractors should be allowed to submit on a needed basis.

Staff Response:
Staff recommends that §3.15. Contract Delivery Administration is revised in order to ensure compliance with federal cost principles and address any disallowed cost and/or procurement issues within the period covered by any one request for payment as well as allow the Contractors time to prepare and submit a completed request for payment. Staff recommends the following changes to §3.15. Contract Delivery Administration – (d) Request for Payments to read as follows:

§3.15. Contract Delivery Administration – (d) Request for Payments

(d) Request for Payments. The County shall submit a properly completed request for reimbursement form, as specified by the Department, at a minimum on a ~~monthly~~ quarterly basis; however the Department reserves the right to request more frequent reimbursement requests as it deems appropriate to ensure compliance with the federal cost principles. The Department shall determine the reasonableness of each amount requested and shall not make disbursement of any such payment until the Department has reviewed and approved such request. Payments under the contract are contingent upon the County's full and satisfactory performance of its obligations under the contract.

§3.15. Contract Delivery Administration – (g) Inspections (8,12)

Comment:

The commentators stated that the use of an independent inspector, over use of the City or County building official, adds increased costs; slows down production; and adds additional interpretation to what the local City, County, or Colonia Housing Standards require.

Staff Response:

Staff recommends that §3.15. Contract Delivery Administration – (g) Inspections is revised in order to demonstrate due diligence in the administration of Self-Help Center funds and ensure a lasting benefit to the colonia residents.

§3.15. Contract Delivery Administration

(g) Inspections. All housing rehabilitation and new construction activities must be inspected by an ~~independent~~ individual licensed by the Texas Real Estate Commission to perform home inspections. The inspection must ensure that the construction on the house is complete, that the home is safe and that it meets, at a minimum, Colonia Housing Standards. ~~All items noted by t~~ The ~~independent~~ licensed inspector must utilize the most current Property Inspection Report as promulgated by the Texas Real Estate Commission and all items noted on the inspection report must be corrected and repaired.

§3.18. Sanction/Deobligation-(1,2,3,7,8,12)

Comment:

The commentators recommended that the Sanction/Deobligation rule be waived for older contracts already in place and apply the Sanction/Deobligation to new contracts after the effective date of the Rules as adopted.

Staff Response:

Staff recommends no change to this rule. Staff will work with each respective Contractor who has an executed contract with the Department and evaluate its contract performance in order for the Department to be able to apply the appropriate rule(s) and assist the Contractors with any program issues in order to avoid taking any Sanction/Deobligation measures against the Contractor.

Comment Source Reference

Tab#	Organization
1	Webb County Community Action Agency Self-Help Center (CAA-Self-Help Center), Paul Martinez
2	El Paso County Planning & Development Department (El Paso County), Jack E. Alayyan
3	El Paso County, Self-Help Center, Guadalupe Ibarra
4	Proyecto Azteca, Ann Williams Cass
5	Starr County Self Help Center, Eloy Garza
6	Starr County Self-Help Center, The Honorable Eloy Vera
7	Hidalgo County and Urban County Program, Pete Dela Cruz
8	Cameron County, Raul Garcia
9	Agua Dulce Resident, Maria Castillo
10	El Paso Collaborative, Delia Chavez
11	El Paso Collaborative for Community & Economic Development, JoAnn Guillen
12	Community Development Corporation of Brownsville, Don Currie

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Draft Colonia Self-Help Center Rules

Title 10, Part 1, Chapter 3 Texas Administrative Code

Table of Contents

§3.1. PURPOSE AND SERVICES

(a) The purpose of this chapter is to establish the requirements governing Colonia Self-Help Centers, created pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code and its funding including the use and administration of all funds provided to the Texas Department of Housing and Community Affairs by the legislature of the annual Texas Community Development Block Grant allocation from the United States Department of Housing and Urban Development. Colonia Self-Help Centers are designed to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve, or maintain a safe, suitable home in the colonias' designated service area or in another area the Department has determined is suitable.

(b) A Colonia Self-Help Center shall set a goal to improve the living conditions of residents in the colonias designated under Section 2306.586(b) of the Texas Government Code within a two-year period after a contract is awarded.

(c) A Colonia Self-Help Center may serve individuals and families of low-income and very low-income by:

(1) providing assistance in obtaining loans or grants to build a home;

(2) teaching construction skills necessary to repair or build a home;

(3) providing model home plans;

(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;

(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets, and utilities;

(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;

(7) providing credit and debt counseling related to home purchase and finance;

(8) applying for grants and loans to provide housing and other needed community improvements;

(9) providing other services that the Colonia Self-Help Center, with the approval of the Department, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;

(10) providing assistance in obtaining loans or grants to enable an individual or a family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;

(11) providing access to computers, the internet and computer training.

(12) providing monthly programs to educate individuals and families on their rights and responsibilities as property owners; and

(d) A Colonia Self-Help Center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

(e) Through a Colonia Self-Help Center, a colonia resident may apply for any direct loan or grant program operated by the Department.

(f) Ineligible activities. Any type of activity not allowed by the federal Housing and Community Development Act of 1974, (42 United States Code §5301 et seq.) is ineligible for funding.

§3.2. DEFINITIONS

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

(1) Applicant--A unit of general local government who is preparing to submit or has submitted a Proposal for Colonia Self-Help Center funds.

(2) Board--The governing board of the Texas Department of Housing and Community Affairs.

(3) C-RAC--Colonia Residents Advisory Committee.

(4) Contract Budget--The exhibit of a contract which specifies in detail the contract funds by budget category, which is used in the drawdown processes. The budget also includes all other funds involved that are necessary to complete the performance statement specifics of the contract.

(5) 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 Section 17.921, Water Code.

(B) has the physical and economic characteristics of a colonia, as determined by the Department and was in existence as a colonia prior to November 28, 1990.

(6) Colonia Self-Help Center provider--An organization with which the Contractor has an executed contract to administer Colonia Self-Help Center funds.

(7) Community Action Agency--A political subdivision, combination of political subdivisions, or nonprofit organization that qualifies as an eligible entity under 42 U.S.C. Section 9902.

(8) Community Development Block Grant (CDBG) nonentitlement area funds--The funds awarded to the State of Texas pursuant to the Housing and Community Development Act of 1974, Title I, as amended, (42 United States Code §§5301 et seq.) and the regulations promulgated thereunder in 24 Code of Federal Regulations Part 570.

(9) Contract--A written agreement including all amendments thereto, executed by the Department and Contractor which is funded with Community Development Block Grant nonentitlement area funds.

(10) Contractor--A unit of general local government with which the Department has executed a contract.

(11) County--A unit of general local government eligible to administer Colonia Self-Help Center funds.

(12) Department--The Texas Department of Housing and Community Affairs.

(13) Executive Director--The Executive Director of the Department.

(14) HUD--The United States Department of Housing and Urban Development, or its successor.

(15) Implementation Manual--A set of guidelines designed to be an implementation tool for the Contractor that have been awarded Community Development Block Grant Funds and allows the contractor to search for terms, rules, procedures, forms and attachments.

(16) Income Eligible Families:

(A) Low-and moderate income families means families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(B) Very low-income families means families whose annual incomes do not exceed 50% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.

(17) Needs assessment--The county must prepare a demographic and characteristics study of the colonias residing in the target area and the housing needs that the Colonia Self-Help Center is designed to address, using qualitative and quantitative information and other source documentation.

(18) Nonentitlement area--An area which is not a metropolitan city or part of an urban County as defined in 42 United States Code, §5302.

(19) Nonprofit organization--A public or private organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(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 throughout the length of any contract agreements; or classification as a subordinate of a central organization nonprofit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS.

(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.

(20) Open Cycle--A defined period during which Proposals may be submitted and which will be reviewed on a first come first serve basis until all funds are committed. Each Proposal will be assigned a "received date" based on the date and time it is physically received by the Department and will be reviewed in accordance with §3.11 through §3.13 of this chapter.

(21) ORCA--The Office of Rural Community Affairs.

(22) PER--Performance Evaluation Report produced by the Unit of local government which should include up-to-date accomplishments in quarterly reports identifying cumulative data including the colonias served, activities performed and total number of beneficiaries.

(23) Performance Statement--The exhibit of a contract which specifies in detail the scope of work to be performed by eligible activity as noted in Section 3.1 of this chapter.

(24) Poverty--The current official poverty line established by the Director of the Federal Office of Management and Budget.

(25) Primary beneficiary--A Low or Moderate income person or family.

(26) Proposal--A written request for Colonia Self-Help Funds in the format required by the Department.

(27) Unit of General Local Government--A city, town, county, or other general purpose political subdivision of the State; a consortium of such subdivisions recognized by HUD in accordance with 24 CFR 92.101 and any agency or instrumentality thereof that is established pursuant to legislation and designated by the chief executive to act on behalf of the jurisdiction. A county is considered a unit of general local government under the Colonia Self-Help Center Program.

§3.3. COLONIA SELF-HELP CENTERS ESTABLISHMENT

(a) Pursuant to §2306.582 of the Texas Government Code, the Department has established Colonia Self-Help Centers in El Paso, Hidalgo, Starr, Webb, and in Cameron Counties. The Cameron County facility also serves Willacy County. If the Department determines it necessary and appropriate, the Department may establish a Colonia Self-Help Center in any other county if the county is designated as an economically distressed area under Chapter 17, Water Code, for purposes of eligibility to receive funds from the Texas Water Development Board. The Department has deemed it necessary and appropriate to establish additional Colonia Self-Help Centers in Maverick and Val Verde Counties.

(b) The Department attempts to secure contributions, services, facilities, or operating support from the commissioners court of the county in which the Colonia Self-Help Centers are located to support the operation of the Colonia Self-Help Centers.

(c) The El Paso Colonia Self-Help Center shall establish a technology center to provide internet access to colonia residents pursuant to Rider 14 of the General Appropriations Act of the 79th Legislature Regular Session.

§3.4. COLONIA SELF-HELP CENTERS DESIGNATION

(a) The Department shall designate:

(1) a geographic area for the services provided by each Colonia Self-Help Center; and

(2) In consultation with the Colonia Residents Advisory Committee and the appropriate unit of local government and Colonia Self-Help Center, the Department shall designate five colonias in each service area to receive concentrated attention from the Colonia Self-Help Centers.

(b) In consultation with the Colonia Residents Advisory Committee and the appropriate unit of local government and Colonia Self-Help Center, the Department may change the designation of colonias made under paragraph (a) (2) of this section.

§3.5. COLONIA RESIDENTS ADVISORY COMMITTEE

(a) The Board shall appoint not fewer than five persons who are residents of colonias to serve on the Colonia Residents Advisory Committee. The members of the Colonia Residents Advisory Committee shall be selected from lists of candidates submitted to the Department by local nonprofit organizations and the commissioners court of a county in which a Colonia Self-Help Center is located.

(b) The Board shall appoint one committee member to represent each of the counties in which a Colonia Self-Help Center is located. Each committee member:

(1) must be a resident of a colonia in the county the member represents; and

(2) may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract under this chapter.

(c) The Department may also select to have an alternative member from the list for each county in the event that the primary member is unable to attend meetings. Both may attend meetings but if both are present the alternative shall not cast a vote.

§3.6. DUTIES OF THE COLONIA RESIDENTS ADVISORY COMMITTEE

(a) The Colonia Residents Advisory Committee shall advise the Board regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the Colonia Self-Help Centers; and

(3) activities that may be undertaken through the Colonia Self-Help Centers to better serve the needs of colonia residents.

(b) The Colonia Residents Advisory Committee shall meet before the 30th day preceding the date on which a contract is scheduled to be awarded by the Board for the operation of a Colonia Self-Help Center and may meet at other times.

(c) The Colonia Residents Advisory Committee shall advise the colonia initiatives coordinator as provided by §775.004 of the Texas Government Code.

§3.7. OPERATION OF COLONIA SELF-HELP CENTER

(a) The Department shall contract with a unit of general local government for the operation of a Colonia Self-Help Center. The unit of general local government shall subcontract with a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the ability to carry out the functions of a Colonia Self-Help Center under this chapter.

(b) The Department and the Colonia Self-Help Center may apply for and receive public or private gifts or grants to enable the centers to achieve their purpose.

§3.8. DEPARTMENT LIAISON TO COLONIA SELF-HELP CENTERS

(a) The Department shall designate appropriate staff in the Department to act as liaison to the Colonia Self-Help Centers to assist the centers in obtaining funding to enable the centers to carry out the centers' programs.

(b) The Department shall make a reasonable effort to secure an adequate level of funding to provide the Colonia Self-Help Center with funds for low-interest mortgage financing, grants for self-help programs, a revolving loan fund for septic tanks, a tool-lending program, and other activities the Department determines are necessary.

§3.9. COLONIA SELF-HELP CENTER SET-ASIDE FUND

(a) The Department shall establish a fund in the Department designated as the colonia set-aside fund.

(b) The Department may use money in the colonia set-aside fund for specific activities that assist colonias, including:

(1) the operation and activities of the Colonia Self-Help Centers established under this chapter; or

(2) reimbursement of Colonia Residents Advisory Committee members for their reasonable travel expenses in the manner provided by Article 6252-33, Revised Statutes, and the General Appropriations Act.; and

(3) funding for the provisions of water and sewer service connections.

(c) The Department may review and approve a Proposal for funding from the colonia set-aside fund that advances the policy and goals of the state in addressing problems in the colonias.

§3.10. ALLOCATION OF COLONIA SELF-HELP CENTER FUNDS

(a) The Colonia Self-Help Center is funded through a 2.5% of the legislature set-aside of the annual Community Development Block Grant allocation.

(b) The Department allocates the Colonia Self-Help Center funds on an annual basis to eligible Counties pursuant to §3.3 of this chapter.

§3.11. DISTRIBUTION OF FUNDS AND PROPOSAL REQUIREMENTS

(a) The Department distributes Colonia Self-Help Center funds to counties from the 2.5% set-aside of the annual Community Development Block Grant allocation.

(b) The 2.5% set-aside from the Community Development Block Grant allocation is distributed to a county though the following means:

(1) The county submits its Proposal ~~ninety (90)~~ one hundred and twenty (120) days before the latter of the expiration of its current contract, or when ~~90%~~ 80% of the funds under the current contract have been expended along with the needs assessment during the open cycle.

(2) Reviews are conducted on a first come first serve basis until all funds are committed. Each Proposal will be assigned a "received date" based on the date and time it is physically received by the Department and will be reviewed in accordance with §3.12 through §3.13 of this chapter.

(3) The Department allocates no more than $1.2 million per Colonia Self-Help Center contract. If there are insufficient funds available from any specific program year to fully fund a Proposal, then the affected Applicant may accept the amount available at that time and wait for the remaining funds to be committed upon the Department's receipt of the Community Development Block Grant set-aside allocation from the next year.

(c) The county shall complete a needs assessment for each of the selected colonias as outlined under §3.4 of this chapter.

(d) Upon completion of the needs assessments, the county shall publish a Request for Proposals (RFP) for a Colonia Self-Help Center operator and review, score and gain the approval of commissioners' court for the operation of a Colonia Self-Help Center within its respective area.

(e) The county shall establish a Colonia Self-Help Center to provide any or all of the activities outlined under §3.1 (c) of this chapter so long as the activities provided by the Colonia Self-Help Center are in line with the results of the needs assessments. Proposals must cover the following categories:

(1) Description of Colonias to be Served. Information should be sufficient to present an accurate picture of the areas to be served (i.e. number of houses, number of residents, platted/unplatted, water, wastewater disposal, utilities, housing conditions, etc.)

(2) Scope of Work. Based on the results obtained by the needs assessments, the county shall develop a scope of work for each selected colonia. In order to provide these services, the county shall be required to leverage funds, coordinate with financial institutions, prepare grant applications and coordinate with their contracted partners.

(3) Method of Implementation. For each colonia to be served by the Colonia Self-Help Center, the county shall describe the services and activities to be delivered. The county shall describe the years of experience and accomplishments relating to affordable housing projects within the last three years of the organization recommended by the county to operate and manage the daily operation of the Colonia Self-Help Center.

(4) Results. The county must include number of colonia residents to be assisted from each colonia. The county must also specify with Colonia Self-Help Center funds the number of houses to be rehabilitated, number of houses to be reconstructed, number of technical assistance visits, number of grant applications to be submited for possible leverage, number of checkouts from the tool lending library, etc.

(f) Upon approval from commissioner's court; the county shall submit a Proposal to the Department along with a copy of its needs assessment.

§3.12. COLONIA SELF-HELP CENTER PROCESS OF AWARDS

(a) Upon receipt of the Proposal and needs assessment, the Department will perform an initial review to determine whether the Proposal is complete. Proposed activities must identify a proposed funding amount and determine that the activities being funded under the Colonia Self-Help Center are eligible under §3.1(c) of this chapter and §105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. Sec.5305(a)). The Proposal must also show how each activity meets a national objective as required by §104(b) (3) of the Housing and Community Development Act of 1974 (42 U.S. C. Sec.5304 (b) (3)).

(b) The Department may reduce the proposed funding amount. Should this occur, the Department shall notify the appropriate county within ten working days of receipt of the Proposal. The Department and the county will work together to jointly agree on the performance measure and proposed funding amounts for each activity.

(c) Upon reaching an agreement with the county, the Department will set a Colonia Residents Advisory Committee meeting. The Colonia Residents Advisory Committee shall meet before the 30th day preceding the date on which a contract is scheduled to be awarded by the Board for the operation of a Colonia Self-Help Center and may meet at other times.

(d) The Department will forward the proposed Performance Statement, Budget and needs assessment to each Colonia Residents Advisory Committee member for its review at least seven calendar days before the scheduled meeting date.

(e) The county is expected to be present at the Colonia Residents Advisory Committee meeting if its Proposal is being considered for a recommendation to the Board for an award. The county shall be available to answer questions that the Colonia Residents Advisory Committee may have on its Proposal.

(f) After the Colonia Residents Advisory Committee makes a recommendation, the recommendation will move forward for the standard award process including Department Review which is anticipated to take a minimum of three weeks.

(g) The county whose Proposal is being presented to the Board shall be required to be present at the Board Meeting.

(h) The Department shall execute four year contracts as required by §2306.587(a) of the Texas Government Code.

§3.13. THRESHOLD SELECTION CRITERIA

(a) At a minimum, the following threshold selection criteria will be utilized in evaluating the Proposals for the Colonia Self-Help Center.

(1) Needs Assessment. The Proposal must meet the demographic, and characteristics of the selected colonias and the needs that the Colonia Self-Help Center is designed to deliver the activities as described in §3.1 of this chapter.

(2) Program Design. Whether the proposed project meets the needs identified in the needs assessment, whether the design is complete and whether the project fits within the community setting. Information required includes, but is not limited to: community involvement; scope of program; income and population targeting;

marketing, fair housing and relocation plans and other items as the Department deems applicable.

(3) Capacity of Colonia Self-Help Center provider. The selected Colonia Self-Help Center provider selected by the county must have the capacity to administer and manage financial resources, as evidenced by previous experience of managing state and/or federal programs based on one or more of the following preferred experience:

(A) three (3) years experience in provision of affordable housing, including new construction; and housing rehabilitation; and experience in homebuyer and down payment assistance programs.

(B) three (3) years experience in grantsmanship, project planning and development in housing and infrastructure, and project management.

(C) three (3) years experience in homeownership counseling, home loan processing and coordinating with private financial institutions.

(D) three (3) years experience in property development, including experience in processes related to surveying, platting, and recording of property.

(E) three (3) years experience in self-help programs related to housing or infrastructure, including operation of a tool library.

(F) three (3) years experience in managing state/federally funded projects or projects funded under private foundations and not have major outstanding monitoring or audit issues.

(b) Administrative Costs for Colonia Self-Help Center. Each county is required to contract with a nonprofit organization, community action agency and/or housing authority to provide staff, office space and equipment (computer, facsimile, telephone, copier, etc.) necessary for full operation of the Colonia Self-Help Center.

(1) the county must determine a reasonable amount of administrative costs, and work with the selected Self-Help Center provider to determine a reasonable amount of operational cost not to exceed twenty (20%) percent which must be included in its Proposal. Costs should also include costs associated with salaries, travel, supplies, training, subscriptions, utilities, rent and other related services for both the county and Colonia Self-Help Center provider.

(2) a cost allocation plan (indirect cost) will not be accepted under this program.

(3) cost incurred by colonia self-help center employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the State Comptrollers Travel Allowance Guide.

§3.14. EXPENDITURE THRESHOLD REQUIREMENTS

(a) A county that has a current contract must meet the following expenditure threshold requirements:

(1) 6-Month Milestone. Any County that has not begun any project activities, including the initiation of the environmental review within six months after contract execution will have its funds subject to deobligation. The county will be evaluated after the first ~~six~~ twelve months of the contract period for progress made to carry out project activities.

(2) ~~12~~-18 Month Milestone. The county must expend at least thirty (30%) percent of the total Colonia Self-Help Center funds awarded within ~~twelve~~ (~~12~~) eighteen (18) months from the start date of the contract.

(3) ~~24~~-30-Month Milestone. The county must expend at least sixty percent (60%) of the total Colonia Self-Help Center funds.

(4) ~~36~~ 42-Month Milestone. In order to meet this requirement the county must expend at least ninety percent (90%) of the total Colonia Self-Help Center funds.

(5) 50-Month Milestone. If a county has a contract that is 48 months old or older, one hundred percent (100%) of all activities have completed all contract fund requests, and a Certificate of Completion report (which documents the expenditure of all Colonia Self-Help Center funds utilized for contract activities and does not include any reserved funds other than the funds needed to pay for a final audit) must be submitted to the Department. To meet this threshold, all the Colonia Self-Help Center funds needed for the contract activities, except for the reserved audit funds, must be expended in order to be considered for future funding.

(b) If these thresholds are not met, the Department will apply the options outlined in §3.17 of this chapter.

§3.15. CONTRACT DELIVERY ADMINISTRATION

(a) Upon approval of Colonia Self-Help Center funds by the Board, the Department shall work with the county to deliver a fully executed contract based on the work to be performed with milestones beginning sixty days of award date.

(b) Environmental. Before any funds can be disbursed environmental clearance must be approved by the Department.

(c) Amendments. Any alterations, additions, or deletions to the terms of the contract shall be submitted in writing to the Department. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Colonia Self-Help Center Proposal or written agreement provided that:

(1) in 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 decreases the benefits to be received by the Department in the estimation of the Executive Director, will be presented to the Board for approval.

(d) Request for Payments. The county shall submit a properly completed request for reimbursement form, as specified by the Department, at a minimum on a ~~monthly~~ quarterly basis; however the Department reserves the right to request more frequent reimbursement requests as it deems appropriate to ensure compliance with the federal cost principles. The Department shall determine the reasonableness of each amount requested and shall not make disbursement of any such payment until the Department has reviewed and approved such request. Payments under the contract are contingent upon the county's full and satisfactory performance of its obligations under the contract.

(e) All eligible activities must meet a national objective and have a corresponding budget line item in the budget. This requirement will be clearly reflected in the performance statement and budget of the contract.

(f) Reporting. The county shall submit to the Department such reports on the operation and performance of the contract as may be required by the Department. Quarterly reports shall be due no later than the twentieth (20th) day of the month after the end of each calendar quarter.

(1) the county shall maintain and submit to the Department up to date accomplishments in quarterly reports identifying quantity and cumulative data including the colonias served, activities performed and total number of beneficiaries.

(2) the county shall submit and maintain program information at the detailed project activity level such as how many low and moderate-income households reside in safe, decent housing, and the number of years of affordability created for these households.

(g) Inspections. All housing rehabilitation and new construction activities must be inspected by an ~~independent~~ individual licenced by the Texas Real Estate Commission to perform home inspections. The inspection must ensure that the construction of the house is complete, safe and meets at a minimum Colonia Housing Standards. ~~All items noted by t~~The ~~independent~~ licensed inspector must utilize the most current Property Inspection Report as promulgated by the Texas Real Estate Commission and all items noted on the inspection report must be corrected and repaired.

§3.16. MANUFACTURED HOMES INSTALLED IN COLONIAS

(a) For a manufactured home to be approved for installation and use as a dwelling in a colonia:

(1) the home must be a HUD-code manufactured home, as defined by Section 1201.003, Occupations Code.

(2) the home must be habitable, as described by Section 1201.453, Occupations Code.

(3) ownership of the home must be properly recorded with the manufactured housing division of the department.

(b) An owner of a manufactured home is not eligible to participate in a grant loan program offered by the department, including the single-family mortgage revenue bond program under Section 2306.142, unless the owner complies with Subsection (a).

§3.17. SUSPENSION

(a) Suspension. In the event the county fails to comply with any term of the contract, the Department may, upon written notification to the county, suspend the contract in whole or in part and withhold further payments to the county, and prohibit the county from incurring additional obligations of funds under the contract. If a suspension continues it could move to Sanction/Deobligation under §3.16 of this chapter.

(b) The Department reserves the right to take all allowable actions to enforce the terms of the contract.

(c) Potential allowable actions are covered by Board policy or rules.

§3.18. SANCTION/DEOBLIGATION

(a) Sanction/Deobligation funds. The Department reserves the right to apply appropriate graduated sanctions leading up to, but not limited to, deobligation of funds and future debarment from participating in the program in the following situations:

(1) county has any unresolved compliance issues on existing or prior contracts with the Department;

(2) county fails to set-up programs/projects or expend funds in a timely manner;

(3) county defaults on any agreement by and between the county and the Department;

(4) county misrepresents any facts to the Department during the Proposal process, award of contracts, or administration of contract;

(5) county is unable to provide adequate financial support to administer the contract or withdrawal of significant financial support;

(6) county fails to expend all funds awarded.

(b) The Department may exercise other compliance or enforcement rules as appropriate.

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

December 14, 2006

Action Items

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of the Final Colonia Housing Standards Rules, to be codified at 10 Texas Administrative Code, Chapter 1, Section 1.18.

Required Action

Department staff recommends that the Board review and approve the Colonia Housing Standards, Title 10 of the Texas Administrative Code, Part 1, Chapter 1.

Background

On October 27, 2006 the Colonia Housing Standards, Title 10 Texas Administrative Code, were published in the Texas Register. Upon publication a public comment period commenced and ended on November 26, 2006. In addition to publishing the document in the Texas Register, a copy was published on the Department's web site and made available to the public upon request. The Department also held public hearings in Dallas, San Antonio, McAllen and El Paso. The Department received one comment at a public hearing regarding the Colonia Housing Standards. A summary of that comment is noted below.

Comment:
The commenter suggested that the Department should allow for a waiver of the Colonia Housing Standards in order to provide colonias with infrastructure services such as water and wastewater.

Department Response:
The Colonia Housing Standards do not prevent the installation of infrastructure services. State and local legislation prevents the installation of certain infrastructure services without the presence of financial assurance of the installation of other certain services. The Colonia Housing Standards simply provide a minimum set of residential construction standards that are appropriate for extremely poor areas yet still provide for safe, decent and secure housing. Staff recommends no revisions to the Colonia Housing Standards.

Comment Source Reference

Tab#	Organization
1	Webb County Community Action Agency Self-Help Center (CAA-Self-Help Center), Paul Martinez

Recommendation

Department staff recommends that the Board review and approve the Colonia Housing Standards, Title 10 of the Texas Administrative Code, Part 1, Chapter 1.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Colonia Housing Standards
Title 10, Part 1, Chapter 1 Texas Administrative Code

Section 1.18 COLONIA HOUSING STANDARDS

(a) Purpose.

The purpose of this section is to establish housing quality standards for housing projects located in colonias. A colonia is defined in Tex. Gov't Code Ann. Sec. 2306.581 to mean a geographic area located in a county some part of which is within 150 miles of the international border of this state and that:

(1) 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

(2) has the physical and economic characteristics of a colonia, as determined by the Texas Department of Housing and Community Affairs.

(b) Colonia Housing Standards.

(1) Site and Neighborhood. The site and neighborhood shall not be subject to serious adverse environmental conditions, such as:

(A) flooding;

(B) open sewers; and

(C) accumulation of trash or refuse.

(2) Access.

(A) the dwelling unit shall have direct access for the occupants from public roadways;

(B) if new construction, the dwelling unit shall comply with the accessibility requirements specified in Tex. Gov't Code Ann. Section 2306.514; and

(C) the dwelling unit shall have operable doors and windows with serviceable locks.

(3) Structure and Materials. The structure and materials shall be such that the dwelling is structurally sound and does not pose a threat to the health and safety of the occupants, including:

(A) the structure shall be free from any serious defects such as leaning, buckling, or tripping hazards;

(B) roof shall be firm and weather tight; and

(C) in the case of a manufactured home, the home must be permanently anchored to the site to prevent movement.

(4) Lead-Based Paint. All structures shall be inspected for defective paint surfaces in units constructed prior to 1978 which are occupied by families with children under seven years of age. In the event a structure built before 1978 has been identified as having been painted with lead-based paint, it must comply with the requirements of Section 302 of the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. Sec. 4822, and the following abatement measures shall be taken if:

(A) the painted surfaces have cracking, peeling, scaling, chipping, or loose paint; or

(B) the family that occupies the unit has a child under seven years of age who is confirmed to have a concentration of lead in whole blood of 25 micrograms of lead per deciliter of whole blood, or higher;

(5) Water Supply. The water supply shall be free of contamination; the water heater shall not be located in a bathroom, bedroom, or clothes closet; and potable water shall be supplied to all kitchens and bathrooms.

(6) Sanitary Facilities. The dwelling unit shall contain its own sanitary facilities which shall be connected to an approved sewer or septic system, shall be in proper working condition and which shall be separate from other rooms to insure privacy. A bathroom shall contain a lavatory sink, a bathtub and/or shower, and a flush toilet.

(7) Interior Air Quality. The air in the dwelling unit shall be free of pollutants, such as carbon monoxide, sewer gas, and fuel gas.

(A) Bathrooms shall have at least one operable window or other adequate exhaust ventilation; and

(B) All windows in the dwelling unit shall have screens to cover each window opening.

(8) Food Preparation. The dwelling unit shall contain space and equipment in the proper operating condition to prepare and serve food in a sanitary manner. Each dwelling unit shall have:

(A) a working stove with a minimum of four operating burners;

(B) provisions for mechanical refrigeration of food at a temperature of not more than 45 degrees F;

(C) adequate sinks with hot and cold water under pressure which shall drain into an approved public or private sewer or septic system; and

(D) adequate lighting and ventilation.

(9) Electrical. Each room in the dwelling unit shall have natural or artificial lighting to permit normal indoor activities.

(A) living areas and bedrooms shall have at least one window;

(B) a ceiling or wall type light fixture shall be present and working in the bathroom and kitchen;

(C) at least two electrical outlets shall be present in the living area, kitchen, and bedrooms;

(D) all rehabilitation and new construction shall comply with the National Electric Code which includes the installation of Ground Fault Interruption Circuits (GFIC) in the kitchen and bathroom; and

(E) all new construction shall comply with the construction standards of Tex. Gov't Code Ann. Section 2306.514 which require accessibility and specify the location of electrical panels or breaker boxes, light switches, electrical plugs, and thermostats. Each breaker box is required to be located inside the dwelling on the first floor.

(10) Thermal Environment. The dwelling unit shall have and be capable of maintaining a healthy thermal environment.

(A) the dwelling unit shall be energy efficient;

(B) the dwelling unit shall have operable windows to provide cross ventilation; and

(C) room heaters that burn natural gas, heating oil, or kerosene, or other flammable fuels shall be vented to prevent fire and safety hazards. All vents shall extend above the peak of the roof.

(11) Security. The dwelling unit shall be secure.

(A) all exterior doors and windows shall be secured with operable locks; and

(B) at a minimum, there shall be one UL approved, battery operated or hardwired smoke detector on each level of the unit.

Division of Policy and Public Affairs

BOARD ACTION REQUEST

December 14, 2006

Action Items

Final 2007 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

Required Action

Approval of the *2007 SLIHP. The following supporting attachments are provided*

- Attachment A - Public Comment and Corresponding TDHCA Reasoned Responses on the 2007 SLIHP.
- Attachment B - Summary of Substantive Changes from the Draft 2007 SLIHP.
- Attachment C - *2007 State of Texas Low Income Housing Plan and Annual Report (SLIHP)*

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) 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 SLIHP. 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 SLIHP was made available for public comment from September 13, 2006, through October 12, 2006. Public hearings were held at 13 public hearings across the state. There were 103 persons in attendance at these meetings. Written comment was also accepted at the public hearings and by mail, fax, or email. See "Attachment A" for summary of and TDHCA staff responses to comments that relate specifically to the SLIHP that received during the public comment period.

Recommendation

Approval of the SLIHP is recommended.

Attachment A

<u>Public Comment and Corresponding TDHCA Reasoned Responses on the 2007 SLIHP</u>

It should be noted that the majority of input gathered during the consolidated public comment period focused on specific programmatic rules and issues. While some of this comment required revisions to the Draft SLIHP, the comment and reasoned responses for those revisions was provided to the Board through other Board Action Requests on those specific policies, methodologies, and rules. For example, while the Regional Allocation Formula (RAF) funding tables for HOME, HTC, and HTF are updated in the Final SLIHP, comment on the RAF methodology, which created those changes, is not included in this Action Request.

The only comments on the SLIHP related to programming of TDHCA HOME funds. A summary of these comments and the Staff's reasoned responses are below provided. The names and organizations that provided comment are provided in Table A.1 Commenter Information at the end of this section.

1. HOME Program Funding Amount for Applicants Serving Persons with Disabilities Are Unacceptable

Numerous people provided comment that the programming of the 2007 HOME funds does not set aside a minimum of 5%, approximately $2,225,000, of TDHCA's annual allocation for applicants serving persons with disabilities. Also, there is a concern that the Department is not continuing to set aside $500,000 solely for Home of Your Own (HOYO) Program activities. Concern was also voiced over the removal of the HOME Olmstead Tenant Based Rental Assistance (TBRA) program from the SLIHP two years ago. Extensive and passionate comment was provided that all of these funds needed to be restored or increased and that the Department was not adequately serving the disability community's needs. (1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 115, 117, 119, 121, 122, 123, 124)

Staff Response: The following changes are being recommended.

1. Staff recommends increasing the amount of funds dedicated to applicants serving persons with disabilities from $750,000 as originally proposed to $4 million. Based on the Department's statute, these funds will be regionally allocated and available through competitive grant acquisition processes. This will be done through the following strategies.

> <u>***"9.5 Strategy:** Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence*</u>

Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

9.6 Strategy: *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

These strategies will provide a variety of applicants, including HOYO, an opportunity to serve persons with disabilities across the state while fulfilling TDHCA's statutory responsibility to allocate HOME funding according to the regional allocation methodology required by Texas Government Code §2306.111.

The ability to use HOME funding in the larger metropolitan areas of the State is governed by Section 2306.111(c) of the Texas Government Code as shown below:

"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 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 who live in areas other than non-participating areas."

Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of the above described NOFAs, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ. Additionally, the Department is committed to providing technical assistance to any applicant or awardee to enhance their program delivery and build capacity.

2. TDHCA Is Not Committed to Providing Assistance for the Olmstead Population

Numerous people commented that the Department is no longer committed to serving the Olmstead population because funds specifically targeted for this purpose were removed from the SLIHP two years ago. 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). Further comment stated tenant based rental assistance is a critical component in helping transition persons from institutions into communities. (1, 2, 3, 4, 5, 6, 7, 8, 15, 16, 17, 18, 19, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124)

Staff Response: For Program Year 2004, TDHCA specifically dedicated $2,000,000 under the Set Aside for Olmstead Populations. The Department eliminated this set aside in 2005 due to low expenditure rates. However, staff acknowledges the importance of serving this need as well as the challenges inherent with administering this complex activity which may have affected the use of funds from the set aside. Therefore, as noted in item "1" above, the Department will publish a Notice of Funding Availability (NOFA), separate from the general HOME TBRA activity funding. This NOFA will provide up to $2 million for TBRA directed to assist persons with disabilities meeting the Texas State definition used by the Promoting Independence Advisory Board. To ensure that these funds are utilized, staff will seek recommendations from the Disability Advisory Workgroup as well as the disability stakeholder community at large in drafting the NOFA to improve program efficiency and expenditure rates. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

3. Clarifying Sections of the SLIHP that Reflect Efforts to Assist Persons with Special Needs

From reviewing the public comment, it appears that sections of the SLIHP that relate to TDHCA's efforts to provide assistance to persons with special needs could be clarified. As the resulting changes involve multiple relatively minor revisions in narrative and do not relate to specific public comments, these changes are not shown below. However, they are shown as blackline changes in Attachment B - Summary of Substantive Changes from the Draft 2007 SLIHP.

4. Percentage Allocation of HOME Single Family Activities

Numerous people and organizations protested the reduction of the Home Buyer Assistance (HBA) activity from 20% of the available single family activity funds in PY 2006 to 10% in PY 2007. In summary, the following comments were provided. (125-157)

a) Reducing the amount of funding for HBA will result in fewer applicants because when the approximate $2.26 million is divided amongst the 13 state service regions the available amount yields an average of $174,000 or 17 homebuyer loans per Region.

b) Comment expressed a specific need for, and interest in applying for, HBA funds in the future. For example, letters were received from nine Habitat for Humanity organizations that explained that they need the funds to provide HBA in their community.

c) The changes in the percentage distribution are unnecessary as it only limits the ability of TDHCA to respond to programmatic demand and market forces in the future.

d) If the goal of the proposed change is to get more funding into OCC, this change is not necessary because if TBRA or HBA activity funding in a particular region is under subscribed, then the remaining funds will be used for OCC awards within that region.

e) With the recent and untried change from issuing OCC assistance as grant to a deferred forgivable or zero interest loan, moving more funding to OCC at this time seems premature.

f) The HBA activity is the only HOME single family program that leverages significant private sector investment and creates new properties to enhance the local and state tax base. For every HBA household served at $10,000, the program leverages private mortgages for the remaining cost of the home. On the other hand, the OCC program rehabilitates or rebuilds a home up to $55,000 with no additional private sector investment.

g) The HBA program can leverage homeownership for more families. For every OCC household served, approximately 5.5 families can be helped with HBA assistance.

Staff Response: After reviewing the public comment, staff is recommending that the HBA percentage should be increased from 10 percent to 15 percent, which is the same level as TBRA. It should be noted that HBA's percentage of the single family activity funds could eventually exceed 15 percent based on the amount of additional HBA activity associated with the proposed NOFA for HBA and OCC assistance for persons with disabilities.

Table A.1 Commenter Information

1. Mr. Roger A. Webb, Texas Council for Developmental Disabilities
2. Ms. Jean Langendorf, United Cerebral Palsy of Texas
3. Mr. John Meinkowsky, ARCIL, Center for Independent Living for Austin area
4. Mr. William K. Brown, Citizen
5. Ms. Stephanie Thomas, ADAPT Texas
6. Ms. Sarah Mills, Advocacy, Inc.
7. Ms. Sarah Anderson, Sarah Anderson Consulting
8. Ms. Judy Telge, Coastal Bend Center for Independent Living
9. Ms. Gail Goodman, Citizen
10. Ms. Jamie Fitchko, Dallas Co. Home Loan Counseling Center
11. Ms. Brenda Edwards, Home of Your Own Program-Dallas Co.
12. Mr. Richard David Baird, Citizen
13. Ms. Telisa Miller, Citizen
14. Mr. Vo, Citizen
15. Ms. Flanagan, Citizen
16. Mr. Stephen Hester, Jr., Houston Center for Independent Living
17. Ms. Monique Carle, Coastal Bend Center for Independent Living
18. Ms. Susan Thornton, Citizen
19. Ms. Mary Bradford, Citizen
20. Mr. Kenneth Frazier, Citizen
21. Ms. Melanie Almaguer, Citizen
22. Mr. Michael Champion, Citizen
23. Ms. Dorothy Adams, Citizen
24. Ms. Jeanene Malone, Citizen
25. Mr. John Barrios, Citizen
26. Mr. Joseph Arredondo, Citizen
27. Ms. Galen Toennis, Evercare of Texas
28. Mr. Mark Rathburn, Citizen
29. Ms. Sally Simpson, Citizen
30. Ms. Carol Halleck, Citizen
31. Ms. Meghan Kearns, Citizen
32. Ms. Minh Le, Citizen
33. Ms. Vicki Zimmer, Citizen
34. Mr. Marty Ringler, Citizen
35. Ms. Sally Watkins, Citizen
36. Ms. Jackie Conerly, Citizen
37. Ms. Steffanie Budge, Citizen
38. Ms. Billie Holloway, Citizen
39. Ms. Emede Reyes, Citizen
40. Mr. Kelly Moore, Citizen
41. Ms. Sissy Riffin, Citizen
42. Ms. Melissa Mays, Citizen
43. Ms. Belinda Carlton, Citizen
44. Mr. Floyd Edwards, Citizen
45. Ms. Karen Mayeux, Citizen
46. Ms. Bobbye Simon, Citizen
47. Mr. Jerry Sewell, Citizen
48. Ms. Carla Carroll, Guaranty Bank
49. Mr. M. Victor Sedinger, Citizen
50. Mr. Dennis Borel, Coalition of Texans with Disabilities
51. Mr. Stephen S. Allen, Fannie Mae
52. Mr. Daniel Williams, Citizen
53. Mr. Priscilla Althaus, Citizen
54. Ms. April Emmert, Citizen
55. Ms. Dafna Yee, Citizen
56. Ms. Patricia Ellsworth, Citizen
57. Mr. Jay Buxton, Citizen
58. Ms. Malinda Brown, Citizen
59. Ms. Karen Rose, Citizen
60. Ms. Joanne Groshardt, Citizen
61. Mr. Bob Kafka, Citizen
62. Mr. Mike Webb, Citizen
63. Mr. Vernon Whitney, Citizen
64. Ms. Elena Casas, Citizen
65. Mr. Luis Torres, Citizen
66. Ms. Amy Connor, Citizen
67. Ms. Lenore Kinzenbaw, Citizen
68. Ms. Jan Shrode, Citizen
69. Mr. Thomas Windberg, Citizen
70. Ms. Toni Byrd, Citizen
71. Ms. Gayla Smith, Citizen
72. Ms. Erika Parker, Citizen
73. Ms. Betty Nichols, Citizen
74. Ms. Peggy Cosner, Citizen
75. Mr. Norman Kieke, Citizen
76. Mr. Ron Cranston, Citizen
77. Ms. Eileen Boyce, Citizen
78. Ms. Sandra Bookman, Citizen
79. Ms. Mohsen Nazari, Citizen
80. Ms. Marilyn Sneed, Citizen
81. Mr. Dennis Barnes, Citizen
82. Mr. Paul Baganz, Citizen
83. Ms. Amy Mizcles, Citizen
84. Ms. Melissa Escamilla, Citizen
85. Ms. Betty Young, Citizen
86. Mr. Patrick De La Garza Und Senkel, Citizen
87. Ms. JoAnna Guillen, Citizen
88. Ms. Christine Guevara, Citizen
89. Mr. Otis Larry, Citizen
90. Mr. John Sampson, Citizen
91. Mr. Clark Varner, Citizen
92. Ms. Allison Lipnick, Citizen
93. Ms. Pamela Rogers, Citizen
94. Ms. Monica Prather, Citizen
95. Mr. Curt Voelkel, Citizen
96. Mr. Kelly Dietrich, Citizen
97. Mr. William Cady, Citizen
98. Ms. Denise Fenwick, Citizen
99. Mr. John Artz, Citizen
100. Mr. David O'Brien, Housing Opportunities of Fort Worth
101. Ms. Linda Latimer, Citizen
102. Ms. Carla Carroll, Citizen
103. Ms. Ilda Gibson, Citizen
104. Ms. Maria Sustaita, Citizen
105. Ms. Olga Guerra, Citizen
106. Mr. Joe Mata, Citizen
107. Ms. Sharon Gaston, Citizen
108. Ms. Dana Carpenter, Citizen
109. Mr. Henry Greer, Citizen
110. Ms. Brenda Reusser, Citizen
111. Mr. J. Scott Daniels, Citizen
112. Mr. Jeff Garrison-Tate, Disability Policy Consortium
113. Mr. Felix Briones, ADAPT of Texas

114. Mr. Gene Rodgers, Citizen
115. Mr. Stephen Harvey, Heart of Central Texas Independent Living Center in Belton and Waco
116. Mr. Nelson Peet, Citizen
117. Ms. Jennifer McPhail, ADAPT of Texas
118. Mr. James Meadows, Texas Advocates
119. Ms. Cathy Cranston, ADAPT of Texas and Personal Attendant Coalition of Texas
120. Ms. Regina Blye, State Independent Living Council
121. Mr. Danny Saenz ADAPT of Texas
122. Mr. Albert Sparky Metz, Citizen
123. Ms. Angela Lello, Texas Council for Developmental Disabilities
124. Ms. Tonya Winters, Texas Advocates
125. Mr. Carlos Hernandez, Habitat for Humanity Texas
126. Mr. Steven Carriker, TACDC
127. Ms. Gloria Sanderson, Houston LISC
128. Mr. Daniel Williams, Dominion CDC
129. Ms. Lisbeth, Echeandia Habitat for Humanity Fannin Co.
130. Mr. John Burnett Habitat for Humanity Fannin Co.
131. Mr. Wilson F., Habitat for Humanity Fannin Co.
132. Ms. Carol Sloane, Habitat for Humanity Fannin Co.
133. Ms. Eva Fryar, Habitat for Humanity Fannin Co.
134. Mr. Larry Wilson, Habitat for Humanity Fannin Co.
135. Mr. John Denton, Habitat for Humanity Fannin Co.
136. Rev. Marc Hander, Greenville Habitat for Humanity
137. Ms. Seleta Edge, Greenville Habitat for Humanity
138. Mr. Ray Ricks, Habitat for Humanity Fannin Co.
139. Mr. Lloyd Nicholson, Habitat for Humanity Fannin Co.
140. Mr. Neill Morgan, Habitat for Humanity Grayson Co.
141. Mr. John Williams, Habitat for Humanity Grayson Co.
142. Ms. Gwynne Patman, Habitat for Humanity of Greater Garland
143. Mr. Ryan Monroe, Midland Habitat for Humanity
144. Ms. Celeste Faro, Habitat for Humanity of North Central Texas
145. Jt McComb, Wimberley Valley Habitat for Humanity
146. Mr. Vance Hinds Habitat for Humanity of Ellis Co.
147. Laurie Mealy, Habitat for Humanity Grayson Co.
148. Ms. Alynda, Best Midland Habitat for Humanity
149. Mr. Michael Hunter, Hunter & Hunter Consultants
150. Ms. Brenda Lakey, AHCD
151. Ms. Michaelle Wormly, Woman, Inc.
152. Ms. Lori Gibbons, Dominion CDC
153. Mr. Paul Charles, NRCDC
154. Mr. Matt Hull, TACDC
155. Ms. Kathy Flanagan-Payton, Fifth Ward Redevelopment Corp.
156. Mr. Lee Reed, Rio Grande Valley Multibank
157. Ms. Michelle Seymour, Midland Habitat for Humanity (Midland Hearing)

Attachment B

Summary of Substantive Changes from the Draft 2007 SLIHP

The following information on programs, housing need, and housing resources was updated or added:

- performance targets and data on TDHCA funding and households served was updated;
- statewide and regional funding and housing units from TDHCA and other sources was updated;
- racial composition of households receiving assistance from TDHCA was added;
- public comment and reasoned responses on the SLIHP was added; and
- the Texas State Affordable Housing Corporation Action Plan was added.

A few other minor changes were made to portions of the document for clarification purposes. Careful attention was given to ensure that none of these changes were substantive in nature.

The most significant changes to the document involved updating the SLIHP to reflect changes related to an increased effort to provide assistance to Persons with Special Needs – particularly to Persons with Disabilities. To facilitate the Board's review of these changes, they are shown below in legal blackline format.

SECTION 4: ACTION PLAN...

1. Language from the 2009 to 2011 Strategic Plan was added to clarify why it is important for TDHCA to coordinate its efforts with other organizations. The Interagency Housing Partnership of the Texas Mental Health Transformation Workgroup was also added to the list of organizations with which TDHCA works.

GENERAL STRATEGIES TO OVERCOME OBSTACLES...

COORDINATE RESOURCES...

Coordination with State Agencies, Local Governments, and Other Parties

With the exception of most of its community services programs, TDHCA's funding resources are generally awarded through formal, competitive processes. As such, funding is distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive request for proposals and notices of funding availability.
- First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- Community services funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

~~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~~TDHCA does 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.
- Interagency Housing Partnership of the Texas Mental Health Transformation Workgroup. The Department is working with the Texas Department of Aging and Disability Services, the Texas Department of Assisted Rehabilitative Services, the Health and Human Services Commission, the Texas Department of Criminal Justice, the Texas Department of Family Protective Services, and several veterans affairs agencies to conduct a comprehensive study of existing housing programs and their delivery mechanisms, while focusing on any regulatory facets of policy which create barriers and may even make certain populations ineligible to benefit from various housing opportunities…

2. The Special Needs Populations section of the Action Plan was reorganized to include a general description of strategies used to provide assistance to all Special Needs Populations. These strategies were previously located later part in the Action Plan.

POLICY PRIORITIES…

SPECIAL NEEDS POPULATIONS

According to HUD, in addition to the homeless, 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.

TDHCA Strategies for Meeting the Needs of Persons with Special Needs

As further described in the "TDHCA goals and objectives" section of this plan, the following general research and policy goals are designed to help address housing and service issues 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.

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."

The following sections describe each type of special need and actions taken by TDHCA to try to address specific issues the different special needs groups.

3. Strategy 3.2, which relates to the provision of energy assistance, was removed from this section as it does not specifically address homeless issues. A few other grammatical changes were also made to the text.

Homelessness…

SPECIFIC STRATEGIES FOR MEETING HOMELESS NEEDS

In order to meet the needs of homeless populations, TDHCA uses the following strategies.

Strategic Plan Goal

As further described in the "TDHCA Goals and Objectives" section of this plan, ~~Homeless Goals~~ The following ~~Strategic Plan~~ goal~~s~~ and associated ~~proposed accomplishments are~~strategy is 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.

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.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.~~

4. The following changes were made to the Persons with Disabilities section:

- Strategies relating to the entire Special Needs population were moved to the beginning of the Policies section.
- A description of the Disability Advisory Workgroup was added.
- The new funding strategies for assisting persons with disabilities were added.

- Existing text describing the ability to spend HOME funds in PJs to assist persons with disabilities was clarified.
- Text describing the 10 TAC 53.61 requirement that 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 was added.
- Previous descriptions of Home of Your Own funding were removed because they are no longer receiving a direct allocation of funds. Rather, they are now competing with other organizations that wish to serve persons with disabilities.

Persons with Disabilities…

~~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.~~

SPECIFIC 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~~uses the following strategies.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates, and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a "working group" format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA will work to maintain a "Disability Advisory Workgroup" which will provide ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

Promoting Independence Advisory ~~Board~~Committee

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

As further described in the "TDHCA Goals and Objectives" section of this plan, the HOME program has two specific funding strategies that directly serve persons with disabilities.

> *"**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…*
>
> > ***9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
> >
> > ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

As established in Section 2306.111(c) of the Texas Government Code shown below and subject to the submission of qualified applications, up to 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities in HUD Participating Jurisdictions.

> *"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 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 who live in areas other than non-participating areas."*

The "participating areas" described above are typically referred to as "Participating Jurisdictions (PJ)." PJs are large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

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 in non-PJs 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.

~~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.~~

5. A minor change was made to the existing text describing the Section 2306.111(c) requirement to spend 95 percent of HOME funds in non-PJs.

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.[1]

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.

With the exception of up to 5 percent of the annual HOME Program allocation which shall be allocated for applicants serving persons with disabilities in HUD Participating Jurisdictions (as required by Section 2306.111(c) of the Texas Government Code), the TDHCA HOME funds primarily serve persons in rural areas. Participating jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the

[1] HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

~~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.~~

6. The Action Plan HOME Program Plan was updated to:

- remove text relating to compliance with the Department's Integrated Housing Rule from a section on eligible service areas;
- reflect changes made to provide assistance to persons with disabilities;
- consolidate references to the RAF into one section of the HOME Program Plan;
- consolidate references on percentages of funding allocated by activity into one section of the HOME Program Plan;
- remove references to "set asides" as most of the current allocation of funds for specific purposes are not legal "set asides". Rather they are more accurately described as "Special Mandates, Programs, and Initiatives;" and
- update RAF and funding allocation tables to reflect final numbers.

TDHCA PROGRAM PLANS…

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–PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if the funding serves persons with disabilities.

~~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.~~

DESCRIPTION OF ACTIVITIES

Owner-Occupied Housing Assistance (OCC)

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.~~

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.

The available funding for this activity is approximately $13.5 million, which may only be used in Non-PJs. This amount does not include the Housing Program for Persons with Disabilities OCC funding issued under a separate NOFA.

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.

~~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.~~

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. This amount does not include the TBRA Housing Program for Persons with Disabilities TBRA funding issued under a separate NOFA.

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.

~~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.~~

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. PY 2007 ADDI funds are included in this amount. This amount does not include the Housing Program for Persons with Disabilities HBA funding issued under a separate NOFA.

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.~~

The available funding for this activity is approximately $3 million, which may only be used in Non-PJs.

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.~~

The available funding for this activity is approximately $2 million, which may only be used in Non-PJs.

Special Mandates, Programs, and Initiatives

TDHCA will direct its remaining HOME funding to address federal and state legislative requirements or departmental program objectives as follows.

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,~~ The ADDI funding, approximately $650,000, is reserved for down payment assistance in non-PJs. ADDI funding~~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. These funds may only be used in non-PJs.

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~~ help TDHCA~~Department in meeting~~ meet this mandate, $2,000,000 of PY 2007 HOME Program funds will be targeted to assist households described under this initiative. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

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 may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Persons with Disabilities

Up to $4 million of directed assistance for persons with disabilities will be issued under separate NOFAs. The funds will be awarded through competitive application processes. These NOFAs will include directed funds for TBRA, HBA and OCC activities as described in the following strategies.

> ***9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
>
> ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications may serve both PJ and non-PJ areas. The amount of funding that can be utilized for this purpose in PJ areas cannot exceed the associated 5 percent cap of approximately $2 million.

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

Subject to Texas Government Code §2306.111, HOME funds will be distributed according to the established Regional Allocation Formula (RAF). The 2007 RAF distributes funding for the following activities:

- CHDO Project Funds and CHDO Operating Expenses Set Asides,
- Housing Program for Persons with Disabilities,
- Rental Housing Preservation Program,
- Rental Housing Development Program,
- Single Family Activity Program, and
- PY 2007 ADDI Funds.

The table below shows the combined regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,376	6.1%	$2,096,004	100.0%	$372	0.0%
2	Abilene	$1,564,996	4.5%	$1,528,397	97.7%	$36,599	2.3%
3	Dallas/Fort Worth	$6,158,445	17.8%	$1,697,219	27.6%	$4,461,226	72.4%
4	Tyler	$4,209,442	12.1%	$3,709,160	88.1%	$500,282	11.9%
5	Beaumont	$2,087,440	6.0%	$1,771,480	84.9%	$315,960	15.1%
6	Houston	$2,390,795	6.9%	$1,076,716	45.0%	$1,314,079	55.0%
7	Austin/Round Rock	$1,432,347	4.1%	$781,108	54.5%	$651,239	45.5%
8	Waco	$1,163,474	3.4%	$717,572	61.7%	$445,901	38.3%
9	San Antonio	$1,941,552	5.6%	$1,507,178	77.6%	$434,374	22.4%
10	Corpus Christi	$2,538,461	7.3%	$2,071,417	81.6%	$467,044	18.4%
11	Brownsville/Harlingen	$6,245,987	18.0%	$4,111,167	65.8%	$2,134,820	34.2%
12	San Angelo	$1,871,449	5.4%	$705,175	37.7%	$1,166,274	62.3%
13	El Paso	$949,236	2.7%	$609,876	64.2%	$339,360	35.8%
	Total	$34,650,000	100.0%	$22,382,470	64.6%	$12,267,530	35.4%

~~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 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.

2007 HOME Program Funding

TDHCA will use the following method for allocating funds.

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10%
CHDO Project Funds Set Aside (15% of PY 2007)[2]	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$300,000	1%
State Mandated Funds for Contract for Deed Conversions[1]	$2,000,000	5%
Housing Program for Persons with Disabilities	$4,000,000	10%
Rental Housing Preservation Program	$2,000,000	5%
Rental Housing Development Program	$3,000,000	8%
General Funds for Single Family Activities	$18,700,000	47%
Total PY 2007 HOME Allocation	$40,000,000	100%

PY 2007 American Dream Downpayment Initiative (ADDI) Funds	$650,000
Total Estimated Funding Available for Distribution	$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 General Funds for Single Family Activities and ADDI funds.

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$2,902,500	15%
Owner Occupied Housing Assistance	$13,545,000	70%
Tenant Based Rental Assistance	$2,902,500	15%
Total Estimated Funding Available for Distribution	19,350,000	100%

7. The new funding strategies for assisting persons with disabilities were added to the TDHCA Goals and Objective Section part of the Action Plan.

TDHCA GOALS AND OBJECTIVES…

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
΄20%			΄20%

9.2 Strategy: Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities: Assist counties and local governments in assessing local needs for persons with special needs

- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- 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:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- 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:

- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide TBRA assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable			$2 million

9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide HBA and OCC assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable			$2 million

2007 State of Texas Low Income Housing Plan and Annual Report
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SECTION 1: INTRODUCTION

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 is 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

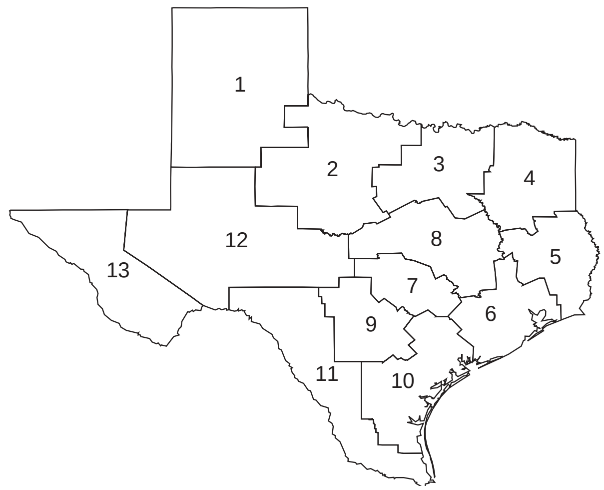


Figure 2.1 State Service Regions

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.

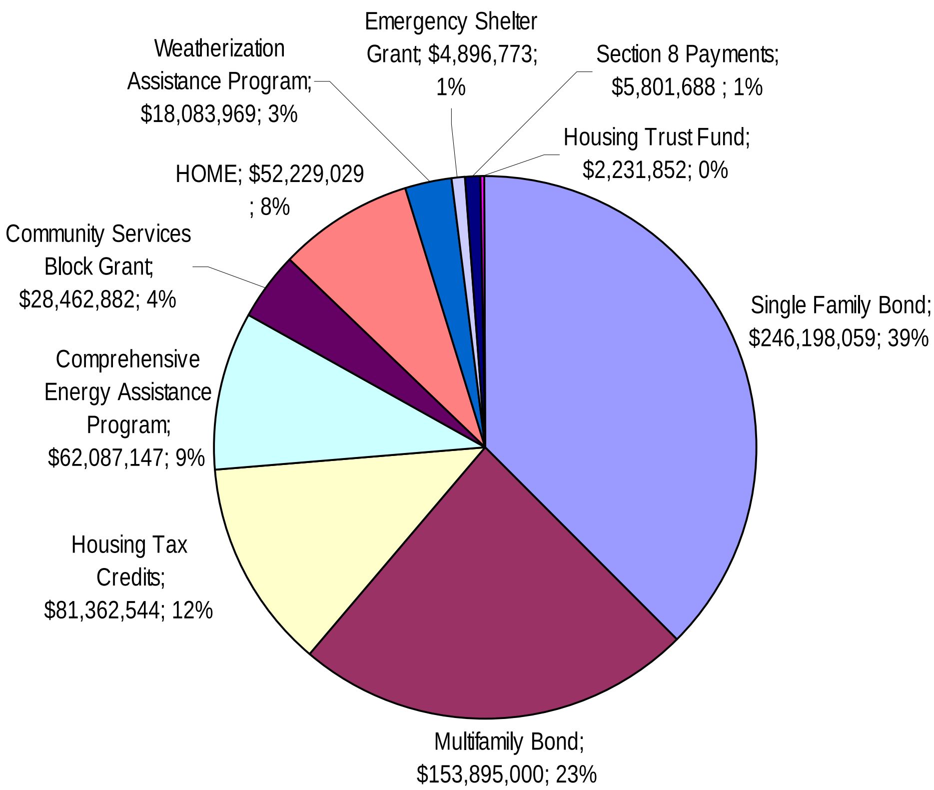
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

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.

In FY 2006, TDHCA receive $655,248,943 in total funds. Almost all of this funding, 99 percent of the total, came from federal sources. TDHCA committed $682,702,107 in funding for activities that predominantly benefited extremely low, very low, and low income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program, FY 2006
Total Funds Committed: $655,248,943



Funding and Households/Persons Served by Activity, FY 2006, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	New Construction	$178,441,555	15,831	27%	3%
	Rehab Construction	$71,682,737	7,084	11%	1%
	Rental Assistance	$7,272,331	1,256	1%	<1%
Owner	Financing & Down Payment	$254,433,405	2,742	39%	1%
	Rehabilitation Assistance	$29,888,144	591	5%	<1%
	Supportive Services	$28,462,882	312,176	4%	61%
	Energy Related	$80,171,116	90,817	12%	18%
	Homeless Services	$4,896,773	83,289	1%	16%
Total		$655,248,943	513,786	100%	100%

Funding and Households/Persons Served by Housing Program, FY 2006

House-hold Type	Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8* Committed Funds	Section 8* # of Households Served
Renter	New Construction	$0	0	$11,923,773	973	$412,850	694	$64,569,932	12,492	$101,535,000	1,672	$0	0
	Rehab. Construction	$0	0	$2,495,125	218	$35,000	100	$16,792,612	5,165	$52,360,000	1,601	$0	0
	Rental Assistance	$0	0	$1,470,643	142	$0	0	$0	0	$0	0	$5,801,688	1,114
Owner	Financing & Down Pmt.	$246,198,059	2,255	$6,451,344	421	$1,784,002	66	$0	0	$0	0	$0	0
	Rehabilitation Asst.	$0	0	$29,888,144	591	$0	0	$0	0	$0	0	$0	0
Total		$246,198,059	2,255	$52,229,029	2,345	$2,231,852	860	$81,362,544	17,657	$153,895,000	3,273	$5,801,688	1,114

Funding and Households/Persons Served by Community Affairs Program, FY 2006

	Activity	ESGP* Committed Funds	ESGP* # of Individuals Served	CSBG* Committed Funds	CSBG* # of Individuals Served	CEAP Committed Funds	CEAP # of Households Served	WAP Committed Funds	WAP # of Households Served
	Supportive Services	$0	0	$28,462,882	312,176	$0	0	$0	0
	Energy Related	$0	0	$0	0	$62,087,147	86,987	$18,083,969	3,830
	Homeless Services	$4,896,773	83,289	$0	0	$0	0	$0	0
Total		$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830

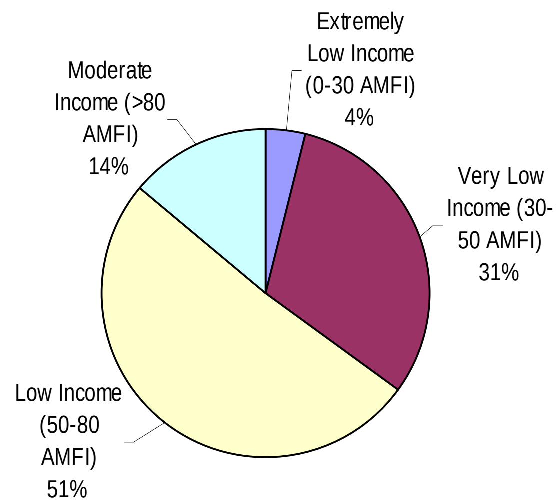
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

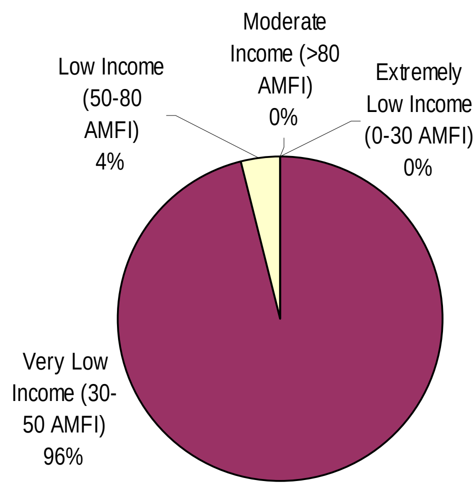
- Extremely Low Income (ELI): 0% to 30% area median family income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP, and ESGP 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.

Total Funding by Income Level, FY 2006



Total Funding by Income Level, FY 2006



Funding and Households/Persons Served by Income Category, FY 2006

All Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	$27,548,954	2,399	4%	<1%
Very Low Income (30-50 AMFI)	$200,076,608	491,076	31%	96%
Low Income (50-80 AMFI)	$336,558,562	19,099	51%	4%
Moderate Income (>80 AMFI)	$91,064,819	1,212	14%	<1%
Total	$655,248,943	513,786	100%	100%

Housing Activities

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	$2,064,687	34	$13,752,904	469	$860,252	155	$5,809,041	846	$0	0	$5,062,070	895
Very Low Income (30-50 AMFI)	$31,976,264	398	$23,865,031	873	$1,012,500	147	$14,364,991	2,746	$14,640,198	431	$686,853	199
Low Income (50-80 AMFI)	$130,609,794	1,172	$14,560,567	996	$359,100	558	$59,581,003	13,658	$131,395,333	2,696	$52,765	19
Moderate Income (>80 AMFI)	$81,547,314	651	$50,527	7	$0	0	$1,607,509	407	$7,859,469	146	$0	1
Total	$246,198,059	2,255	$52,229,029	2,345	$2,231,852	860	$81,362,544	17,657	$153,895,000	3,273	$5,801,688	1,114

Community Affairs Activities

Activity	ESGP*		CSBG*		CEAP		WAP	
	Committed Funds	# of Individuals Served	Committed Funds	# of Individuals Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Extremely Low Income (0-30 AMFI)	-	-	-	-	-	-	-	-
Very Low Income (30-50 AMFI)	$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830
Low Income (50-80 AMFI)	-	-	-	-	-	-	-	-
Moderate Income (>80 AMFI)	-	-	-	-	-	-	-	-
Total	$4,896,773	83,289	$28,462,882	312,176	$62,087,147	86,987	$18,083,969	3,830

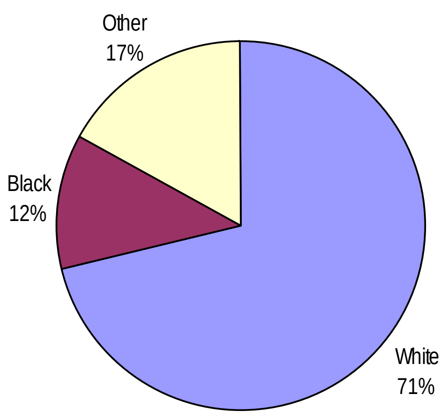
RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

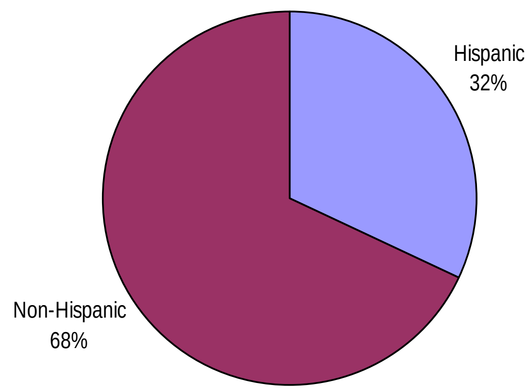
As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, “race” is broken down into three subclassifications: White, Black, and Other. “Other” includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. 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. Note that the population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas

Ethnic Composition of the State of Texas

20,851,820 Total Individuals





Racial and ethnic data on housing programs is presented below under three general categories: Multifamily Rental Development Programs, Rental Assistance Programs, and Homeowner Programs. The Community Affairs programs, including 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 following funding sources: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans, and the Housing Trust Fund for some Texas Bootstrap loans.

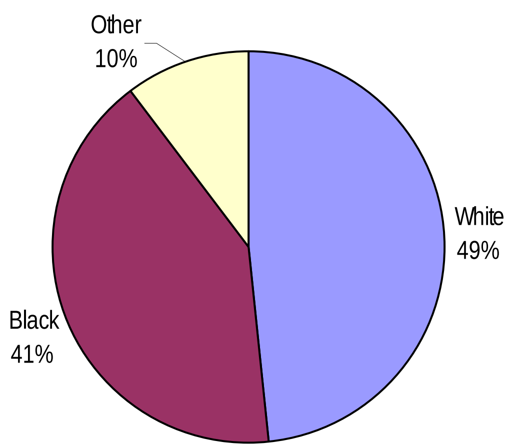
HOUSING PROGRAMS

Multifamily Rental Development

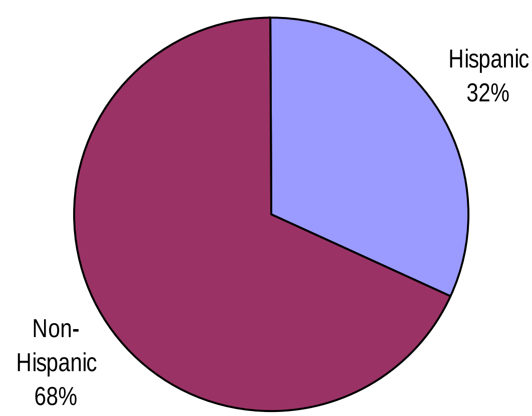
Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program, and Multifamily Bond Program. Data for these programs is collected from the 2005 Fair Housing Sponsor Report, which TDHCA-funded housing developments submit to the Agency every year. The report includes information about the property, including the racial composition of the tenants residing there as of December 31 of each year. Accordingly, the 2006 report is a snapshot of property characteristics as of December 31, 2005.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report, and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. For racial analysis, only 82% of the unit data received from the monitored properties could be used, while only 49% of the data was usable for ethnicity analysis. As a result, the following charts present a picture of race and ethnicity based on samples, and may not represent actual percentages. TDHCA is implementing changes in the Housing Sponsor Report to ensure increased quality of future data collection.

Racial Composition of Households Residing in TDHCA-Funded Multifamily Developments



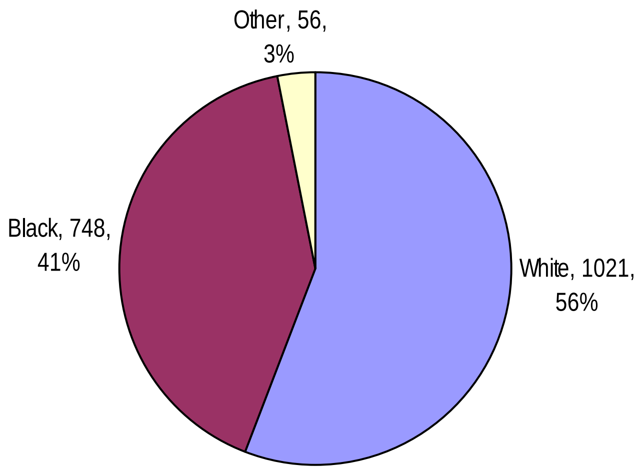
Ethnic Composition of Households Residing in TDHCA-Funded Multifamily Developments



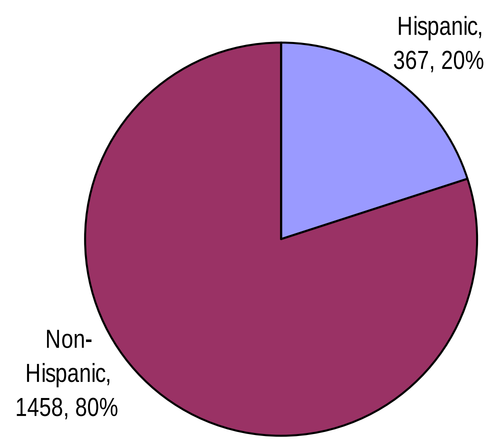
Rental Assistance

TDHCA's rental assistance comes from two sources: the Tenant Based Rental Assistance Program (TBRA) and the Section 8 Housing Choice Voucher Program. The following charts depict the racial and ethnic composition of households receiving assistance from these two rental assistance programs combined.

Racial Composition of Households Receiving Rental Assistance



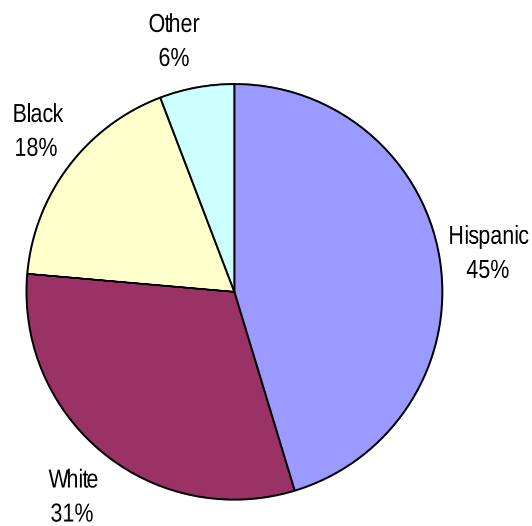
Ethnic Composition of Households Receiving Rental Assistance



HOMEOWNER PROGRAMS

TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Owner-Occupied Home Repair Program, and HOME Homebuyer Assistance Program. The following chart depicts the racial and ethnic composition of households receiving assistance from these three programs combined. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

Racial & Ethnic Composition of Households Receiving Homeowner Assistance



COMMUNITY AFFAIRS PROGRAMS

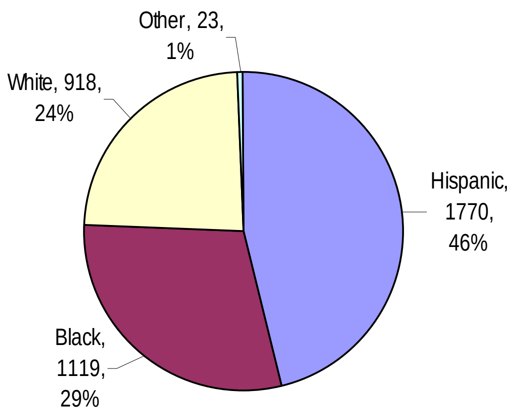
Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Energy Assistance Program (CEAP), and Community Services Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories

Weatherization Assistance Program

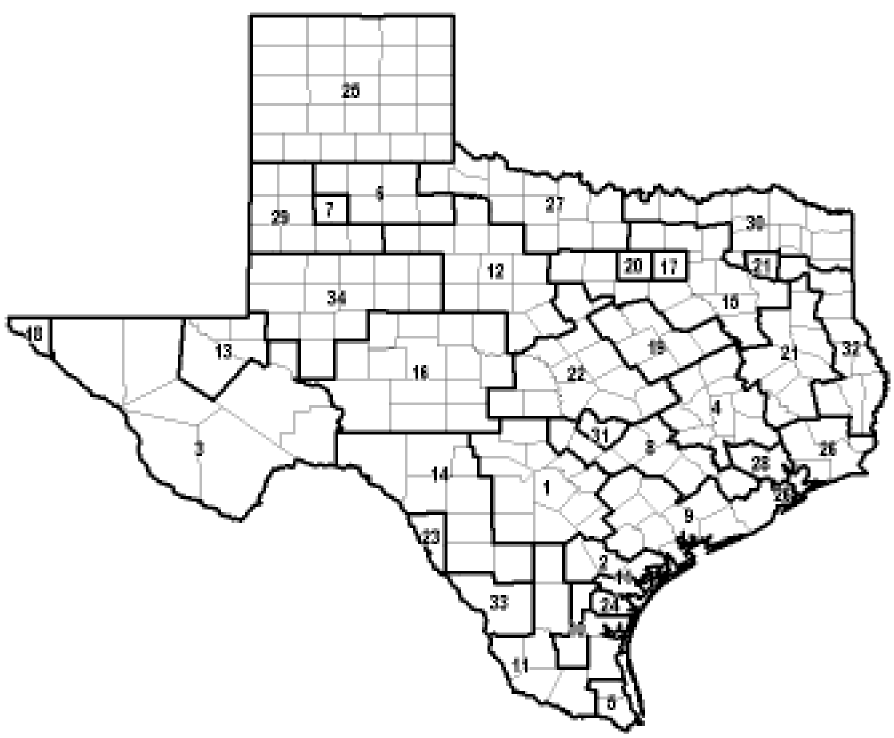
The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, FY 2006

3,830 Total Households



WAP Subcontractor Service Areas, FY 2006



Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, FY 2006

# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
1	ALAMO AREA COUNCIL OF GOVERNMENTS	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$1,446,027	224	52	148	19	5
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$75,151	21	4	15	2	0
3	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	$226,316	57	3	54	0	0
4	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	$591,452	121	39	5	77	0
5	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	$515,252	89	0	89	0	0
6	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	$180,385	52	8	36	8	0
7	CITY OF LUBBOCK	Lubbock	$243,159	46	8	23	15	0
8	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	$335,299	153	39	24	90	0
9	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	$466,368	89	32	26	31	0
10	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$88,094	16	1	15	0	0
11	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Hidalgo, Jim Hogg, Kenedy, Kleberg, McMullen, San Patricio, Starr, Zapata	$1,226,431	338	8	329	1	0
12	COMMUNITY ACTION PROGRAM, INC	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	$400,682	84	60	18	6	0
13	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$67,993	11	1	8	2	0
14	COMMUNITY SERVICES AGENCY OF SOUTH TEX	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala	$261,495	71	1	70	0	0
15	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	$973,511	173	124	9	37	3
16	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	$351,203	70	20	46	4	0
17	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$1,341,191	316	56	100	157	3
18	EL PASO CAP-PROJECT BRAVO, INC.	El Paso	$718,018	130	5	123	2	0
19	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$369,343	37	24	0	13	0
20	FORT WORTH, CITY OF, HOUSING DEPARTMENT	Tarrant	$753,462	164	25	22	112	5
21	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	$575,031	171	93	7	71	0

Racial and Ethnic Composition of Households Receiving WAP Assistance
by Subcontractor, Statewide, FY 2006 (cont.)

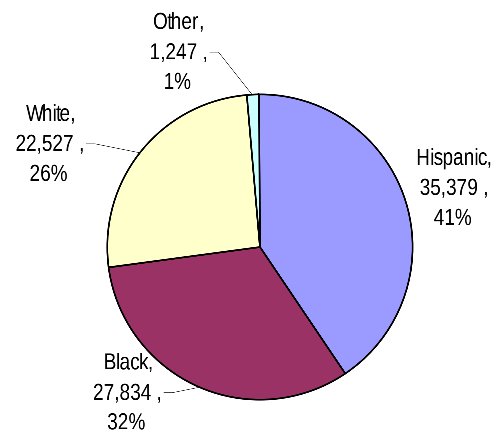
# on Map	Subcontractor	Counties Served	FY 2005 Funding	Households Served	White	Hispanic	Black	Other
22	HILL COUNTRY COMM'TY ACTION ASS'N, INC	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	$432,895	97	51	36	9	1
23	MAVERICK COUNTY HUMAN SERVICES DEPT.	Maverick	$96,254	20	0	20	0	0
24	NUECES COUNTY CAA	Nueces	$305,893	79	4	61	14	0
25	PANHANDLE COMMUNITY SERVICES	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	$608,946	145	63	54	28	0
26	PROGRAMS FOR HUMAN SERVICES	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	$630,194	47	15	5	26	1
27	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	$321,130	70	58	6	6	0
28	SHELTERING ARMS SENIOR SVCS, INC, THE	Harris	$2,232,731	471	15	225	227	4
29	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$152,601	33	8	20	5	0
30	TEXOMA COUNCIL OF GOVERNMENTS	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	$586,563	112	47	4	61	0
31	TRAVIS COUNTY	Travis	$451,894	114	22	56	35	1
32	TRI-COUNTY COMMUNITY ACTION, INC	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$338,062	60	16	0	44	0
33	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$231,246	48	0	48	0	0
34	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$489,699	101	16	68	17	0
	WAP Total	State	$18,083,969	3830	918	1770	1119	23

Comprehensive Energy Assistance Program

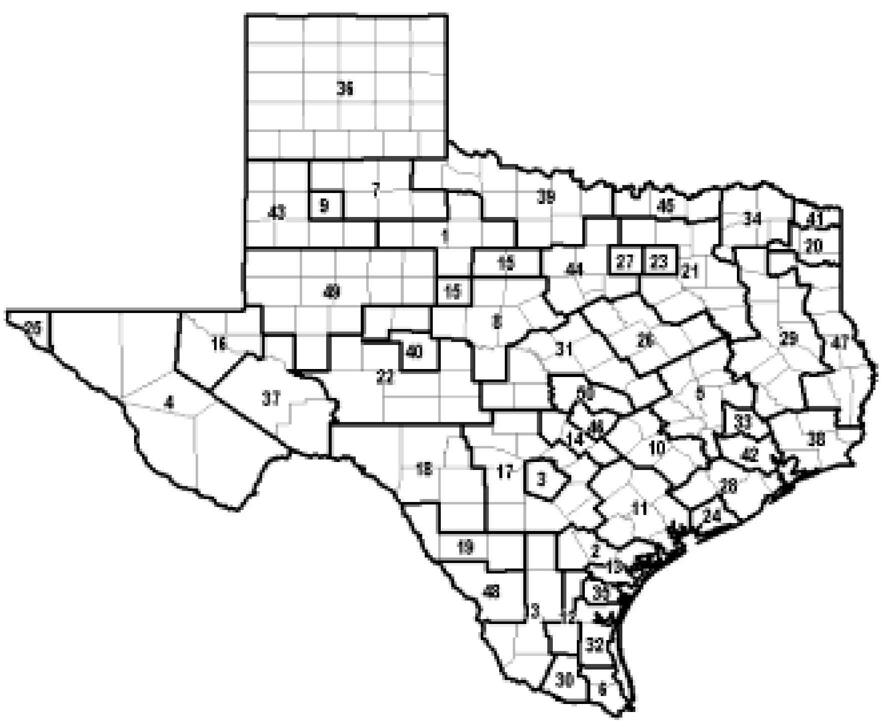
The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide FY 2006

86,987 Total Households



CEAP Subcontractor Service Areas, FY 2006



Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2006

# on Map	Subcontractor	Counties Served	FY 2005 Funding	House-holds Served	White	Hispanic	Black	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$466,984	301	152	104	45	0
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	$258,013	854	159	646	42	7
3	BEXAR COUNTY DEPARTMENT OF COMMUNITY RCS	Bexar	$3,736,536	3092	289	2290	498	15
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$511,371	953	86	864	0	3
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	$1,507,873	1710	358	156	1184	12
6	CAMERON-WILLACY COS. COMM PROJECTS, INC.	Cameron, Willacy	$1,768,998	1589	28	1558	3	0
7	CAPROCK COMMUNITY ACTION ASS'N, INC.	Crosby, Dickens, Floyd, Hale, King, Motley	$619,310	1539	358	971	203	7
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	$704,801	1152	866	208	71	7
9	CITY OF LUBBOCK	Lubbock	$834,831	1175	299	430	438	8
10	COMBINED COMMUNITY ACTION, INC	Austin, Bastrop, Colorado, Fayette, Lee	$494,961	934	248	78	607	1
11	COMMUNITY ACTION COMMITTEE OF VICTORIA	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$862,829	1524	402	678	438	6
12	COMMUNITY ACTION CORP. OF SOUTH TEXAS	Brooks, Jim Wells	$302,451	432	12	418	2	0
13	COMMUNITY ACTION COUNCIL OF SOUTH TEXAS	Duval, Jim Hogg, McMullen, San Patricio, Starr, Zapata	$1,019,791	1876	52	1797	19	8
14	COMMUNITY ACTION INC. OF HAYS, CALDWELL	Blanco, Caldwell, Hays	$340,783	608	232	227	145	4
15	COMMUNITY ACTION PROGRAM, INC	Shackelford, Stephens, Taylor	$466,400	688	287	244	149	8
16	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	$233,438	523	47	441	30	5
17	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$1,228,063	2514	616	1754	132	12
18	COMMUNITY COUNCIL OF SOUTHWEST TEXAS	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$715,721	976	42	928	3	3
19	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	Dimmit, LaSalle, Maverick	$512,530	774	10	759	5	0
20	COMMUNITY SERVICES OF NORTHEAST TEXAS	Camp, Cass, Marion, Morris	$408,402	727	282	8	433	4
21	COMMUNITY SERVICES	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$2,220,811	2660	1420	221	974	45
22	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	$600,900	763	292	461	7	3
23	DALLAS COUNTY DEPT. OF HUMAN SERVICES	Dallas	$4,604,672	4553	598	421	3465	69
24	ECONOMIC ACTION COMMITTEE OF GULF COAST	Matagorda	$157,025	179	26	43	108	2
25	EL PASO CAP-PROJECT BRAVO	El Paso	$2,465,149	5533	199	5130	165	39
26	EOAC OF PLANNING REGION XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$1,268,054	1810	610	165	1034	1
27	FORT WORTH, CITY OF, GRANT ADMIN.	Tarrant	$2,586,837	2670	694	467	1480	29

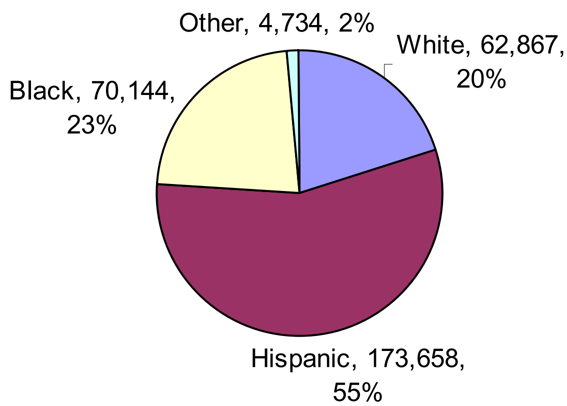
Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2006 (cont.)

# on Map	Subcontractor	Counties Served	FY 2005 Funding	House-holds Served	White	Hispanic	Black	Other
28	GALVESTON COUNTY COMM ACTION COUNCIL	Brazoria, Fort Bend, Galveston, Wharton	$1,528,179	1896	365	373	1145	13
29	GREATER EAST TEXAS COMM. ACTION (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$2,484,110	4486	1514	214	2734	24
30	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	$2,679,208	4195	21	4146	25	3
31	HILL COUNTRY COMM'TY ACTION ASS'N	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$1,071,885	2002	1227	304	444	27
32	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	$511,669	306	19	236	49	2
33	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	$522,743	1843	909	88	831	15
34	NORTHEAST TEXAS OPPORTUNITIES	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$701,927	1038	543	21	474	0
35	NUECES COUNTY CAA	Nueces	$1,050,212	1039	52	813	171	3
36	PANHANDLE COMMUNITY SERVICES	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	$2,090,675	5190	2340	2087	763	0
37	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	$265,632	489	32	455	1	1
38	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	$1,532,187	1885	460	23	1323	79
39	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$1,003,692	1345	835	174	313	23
40	SAN ANGELO/TOM GREEN COUNTY HEALTH DEPT	Tom Green	$342,338	743	298	377	66	2
41	SENIOR CITIZENS SERVICES OF TEXARKANA	Bowie	$329,646	409	110	2	295	2
42	SHELTERING ARMS SENIOR SVCS	Harris	$7,665,569	7608	842	1073	4998	695
43	SOUTH PLAINS CAA	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$523,920	784	126	550	108	0
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$852,213	1945	1694	143	99	9
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	$573,854	566	384	15	163	4
46	TRAVIS COUNTY	Travis	$1,551,475	1364	368	356	617	23
47	TRI-COUNTY COMMUNITY ACTION	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$1,160,657	1631	586	11	1030	4
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	$793,932	845	0	845	0	0
49	WEST TEXAS OPPORTUNITIES, INC	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$1,681,267	2592	752	1430	394	16
50	WILLIAMSON-BURNET CO. OPPORTUNITIES	Burnet, Williamson	$272,624	677	386	176	111	4
	CEAP Total	State	$62,087,147	86,987	22,527	35,379	27,834	1,247

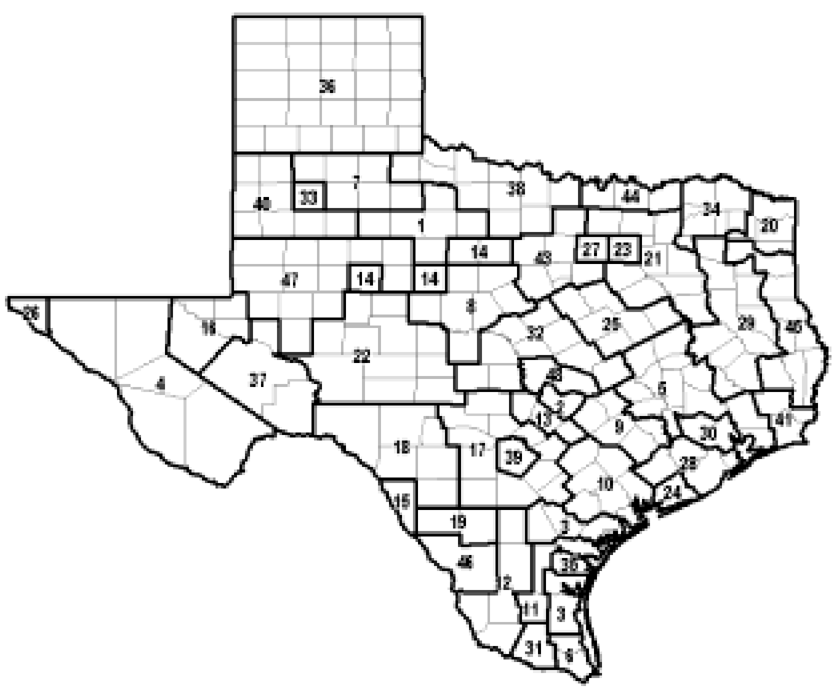
Community Services Block Grant Program

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2005 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2006
312,176 Total Individuals



CSBG Subcontractor Service Areas, FY 2006



Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2006

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
1	Alabama-Coushatta Indian Reservation	Polk, Tyler	$61,450	243	2	0	1	243
2	Asociacion Pro Servicios Sociales	Jim Hogg, Starr, Webb, Zapata	$106,606	0	0	1054	0	0
3	Aspermont Small Business Development Center, Inc.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	$131,784	26	467	559	171	26
4	Austin, City of, Health and Human Services Department	Travis	$779,184	927	3971	8559	8035	927
5	Bee Community Action Agency	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	$245,522	81	794	2944	280	81
6	Big Bend Community Action Committee, Inc.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	$152,031	6	187	2500	5	6
7	Brazos Valley Community Action Agency	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	$843,463	105	1904	1834	2833	105
8	*Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	$1,009,006	2	75	7315	20	2
9	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	$185,157	48	716	3049	369	48
10	Central Texas Opportunities, Inc.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	$227,406	13	1733	643	143	13
11	Combined Community Action, Inc.	Austin, Bastrop, Colorado, Fayette, Lee	$197,784	5	553	247	1339	5
12	Community Action Committee of Victoria Texas	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	$314,388	33	1305	2973	1361	33
13	Community Action Corporation of South Texas	Brooks, Jim Wells, San Patricio	$152,912	2	73	1791	19	2
14	Community Action Council of South Texas	Duval, Jim Hogg, McMullen, Starr, Zapata	$345,107	7	131	4332	2	7
15	Community Action Inc., of Hays, Caldwell and Blanco Counties	Blanco, Caldwell, Hays	$213,243	33	728	1132	296	33
16	Community Action Program, Inc.	Mitchell, Shackelford, Stephens, Taylor	$219,604	26	763	1001	498	26
17	*Community Action Social Services & Education	Maverick	$234,799	0	0	2137	0	0
18	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	$177,472	10	168	1078	86	10
19	*Community Council of South Central Texas, Inc.	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	$624,710	32	1907	6077	356	32
20	*Community Council of Southwest Texas, Inc.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	$372,765	20	133	4438	14	20
21	*Community Services Agency of South Texas	Dimmit, La Salle	$146,862	0	22	1285	4	0
22	Community Services of Northeast Texas, Inc.	Bowie, Cass, Marion, Morris,Camp	$273,059	19	1153	195	1372	19

Racial Composition of Individuals Receiving CSBG Assistance
by Subcontractor, Statewide, FY 2006 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
23	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	$857,395	199	3140	731	2397	199
24	Concho Valley Community Action Agency	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	$264,940	14	362	849	42	14
25	Dallas Inter-Tribal Center	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	$110,668	810	45	75	18	810
26	Dallas Urban League	Dallas	$2,090,262	241	884	2081	8133	241
27	Economic Action Committee of The Gulf Coast	Matagorda	$131,784	11	145	381	449	11
28	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	$519,983	24	1602	699	3498	24
29	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	$1,334,538	165	382	16108	472	165
30	Fort Worth, City of, Parks & Community Services Department	Tarrant	$1,093,413	405	3207	10768	9922	405
31	Galveston County Community Action Council, Inc.	Brazoria, Fort Bend, Galveston, Wharton	$704,286	149	941	1324	3426	149
32	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	$984,108	252	5504	1332	8839	252
33	Guadalupe Economic Services Corporation	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	$182,231	16	3667	8153	1291	16
34	Gulf Coast Community Services Association	Harris	$3,695,069	167	643	5679	6740	167
35	*Hidalgo County Community Services Agency	Hidalgo	$1,454,740	5	97	14665	14	5
36	Hill Country Community Action Association, Inc.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	$447,531	74	1989	665	957	74
37	Kickapoo Traditional Tribe of Texas	Maverick	$49,227	69	0	1	0	69
38	Lubbock, City of, Community Development Department	Lubbock	$370,888	26	99	126	68	26
39	Northeast Texas Opportunities, Inc.	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	$250,969	145	1655	225	1458	145
40	Nueces County Community Action Agency	Nueces	$531,229	47	168	2030	308	47

Racial Composition of Individuals Receiving CSBG Assistance
by Subcontractor, Statewide, FY 2006 (cont.)

# on Map	Contractor	County Served	FY 2005 Funding	Individuals Served	White	Hispanic	Black	Other
41	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	$618,706	75	5552	5675	1632	75
42	Pecos County Community Action Agency	Crane, Pecos, Terrell	$131,784	10	99	963	0	10
43	Rolling Plains Management Corporation	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	$330,000	167	2549	862	1240	167
44	San Antonio, City of, Community Action Division	Bexar	$1,959,188	210	2370	16191	3742	210
45	San Patricio County CAA	San Patricio	$155,189	0				0
46	Sin Fronteras Organizing Project	El Paso	$109,088	0	0	1686	0	0
47	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	$209,428	48	581	2871	458	48
48	Southeast Texas Regional Planning Commission	Hardin, Jefferson, Orange	$569,557	166	1018	112	1638	166
49	Texas Homeless Network	Statewide		0	0	0	0	0
50	Texas Neighborhood Services	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	$340,221	35	3526	458	211	35
51	Texoma Council of Governments	Cooke, Fannin, Grayson	$218,921	49	1096	161	486	49
52	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	$417,621	74	2519	110	3542	74
53	Webb County Community Action Agency	Webb	$452,524	12	6	6563	8	12
54	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	$681,677	91	1830	4969	1086	91
55	Williamson-Burnet County Opportunities, Inc.	Burnet, Williamson	$181,403	55	1672	1038	621	55
	CSBG Total	State	$28,462,882	312,176	64,133	162,694	79,900	5,449

*These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

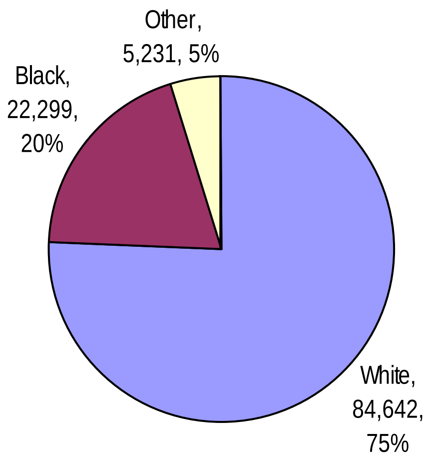
Emergency Shelter Grants Program

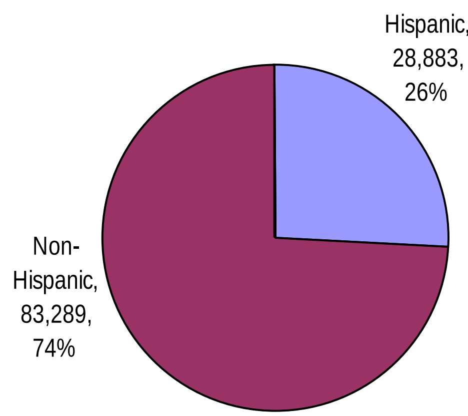
The Emergency Shelter Grants Program (ESGP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions, or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2005 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2006

Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2006

112,172 Total Individuals





Racial and Ethnic Composition of Individuals Receiving ESGP Assistance by Subcontractor, Statewide, FY 2006

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Caprock Community Action Association, Inc.	Crosby	$42,770	297	283	14	0	126	171
Williamson-Burnet County Opportunities, Inc.	Williamson	$45,000	185	160	22	3	40	145
Denton, City of	Denton	$150,800	1050	837	153	60	213	837
Walker County Family Violence Council	Walker, Polk	$43,223	500	392	75	33	101	399
Women's Haven of Tarrant County, Inc.	Tarrant	$62,452	1793	1345	380	68	421	1372
Sabine Valley Center	Gregg	$42,240	49	33	16	0	10	39
Wesley Community Center, Inc.	Harris	$64,877	633	393	240	0	168	465
Bridge Over Troubled Waters, Inc., The	Harris	$65,000	536	475	40	21	208	328
Collin Intervention To Youth, Inc.	Collin	$65,000	259	165	58	36	29	230
Corpus Christi Metro Ministries, Inc.	Nueces	$65,000	5906	5155	641	110	2190	3716
Highland Lakes Family Crisis Center	Burnet	$37,500	899	839	4	56	188	711
Family Gateway, Inc.	Dallas	$56,250	418	99	304	15	21	397
Grayson County Shelter, Inc.	Grayson	$68,565	377	290	68	19	26	351
Youth and Family Alliance, dba LifeWorks	Travis	$49,624	121	101	15	5	24	97
SEARCH	Harris	$130,000	9247	6130	2869	248	2229	7018
Fort Bend County Women's Center	Fort Bend	$56,200	630	445	150	35	185	445

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Family Place, The	Dallas	$53,250	1455	895	478	82	343	1112
Texas Homeless Network	Travis	$60,000	0	0	0	0	0	0
Amarillo, City of	Potter	$135,455	7237	5948	1001	288	994	6243
Covenant House Texas	Harris	$80,000	2246	1016	1179	51	298	1948
First Step of Wichita Falls, Inc.	Wichita	$30,000	1236	1000	146	90	212	1024
New Beginning Center, Inc.	Dallas	$58,695	1023	757	207	59	283	740
Advocacy Outreach	Bastrop	$96,177	1956	1700	206	50	678	1278
San Antonio Metropolitan Ministry, Inc.	Bexar	$65,000	5650	4355	813	482	1139	4511
Houston Area Women's Center	Harris	$65,000	9757	7968	1447	342	3510	6247
Abilene Hope Haven, Inc.	Taylor	$80,000	955	796	92	67	138	817
Family Services of Southeast Texas, Inc.	Jefferson	$42,183	623	338	268	17	52	571
Hays County Women's Center, Inc.	Hays	$69,095	807	718	53	36	273	534
Family Crisis Center, Inc.	Cameron	$197,226	2477	2436	14	27	1179	1298
Child Crisis Center of El Paso	El Paso	$48,000	1552	1445	68	39	697	855
Safe Place of the Permain Basin	Midland	$73,274	2574	2343	165	66	847	1727
Institute of Cognitive Development, Inc.	Tom Green	$31,568	788	666	27	95	262	526
Comal County Family Violence Shelter, Inc.	Comal	$45,000	2239	2077	31	131	622	1617
Connection Individual and Family Services, Inc.	Comal	$80,000	252	224	23	5	88	164
Bryan, City of	Brazos	$57,190	1396	826	456	114	180	1216
Travis County Domestic Violence & Sexual Assault Survival Center	Travis	$46,233	1345	1007	206	132	411	934
Kilgore Community Crisis Center, The	Gregg	$63,795	2159	1036	1031	92	104	2055
Salvation Army - Tyler	Smith	$65,000	2167	1360	676	131	160	2007
Family Violence Prevention Services, Inc.	Bexar	$46,386	2324	2134	134	56	954	1370
Grayson County Juvenile Alternatives, Inc.	Grayson	$56,341	101	81	17	3	12	89
Hutchinson County Crisis Center, Inc.	Hutchinson	$34,000	91	86	5	0	28	63
Opportunity Center for the Homeless	El Paso	$87,117	3843	3501	198	144	1498	2345
Women's Shelter of South Texas	Nueces	$64,927	1248	1112	33	103	439	809
Star of Hope Mission	Harris	$65,000	6969	2373	3515	1081	893	6076
Westside Homeless Partnership	Harris	$64,850	111	80	31	0	34	77
Amistad Family Violence and Rape Crisis Center	Val Verde	$49,416	715	698	8	9	333	382
Advocacy Resource Center for Housing	Hidalgo	$34,000	496	496	0	0	247	249
Midland Fair Havens, Inc.	Midland	$58,770	1698	1295	400	3	461	1237
Port Cities Rescue Mission Ministries	Jefferson	$80,000	341	128	203	10	5	336
Legal Aid of Northwest Texas	Tarrant	$62,687	270	136	125	9	23	247
Faith Mission and Help Center, Inc.	Washington	$77,300	907	441	407	59	137	770
Seton Home	Bexar	$59,930	216	183	33	0	81	135
Panhandle Crisis Center, Inc.	Ochiltree	$72,673	616	607	0	9	194	422
Promise House, Inc.	Dallas	$65,126	286	150	132	4	45	241
Wintergarden Women's Shelter, Inc.	Dimmit	$47,153	1256	1226	0	30	608	648
Salvation Army - Abilene	Taylor	$30,000	928	804	124	0	99	829
Boysville, Inc.	Bexar	$60,418	264	216	45	3	99	165
Catholic Charities, Archdiocese of San Antonio, Inc.	Bexar	$57,777	970	881	88	1	410	560
YWCA El Paso del Norte Region	El Paso	$72,116	351	341	8	2	160	191
Compassion Ministries of Waco, Inc.	McLennan	$40,000	222	160	31	31	56	166
La Posada Home, Inc.	El Paso	$49,116	281	277	4	0	138	143
Mary McLeod Bethune Day Nursery, Inc	Nueces	$35,152	138	112	26	0	47	91
Salvation Army - McAllen	Hidalgo	$98,000	3300	3238	53	9	1526	1774
Salvation Army - Victoria	Victoria	$40,000	759	609	148	2	197	562

Contractor	County Served	FY 2005 Funding	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
Women's Home, The	Harris	$65,000	116	77	39	0	5	111
Women's Shelter, The	Tarrant	$77,902	1731	1197	391	143	413	1318
Arlington Life Shelter	Tarrant	$77,903	1306	822	461	23	103	1203
Focusing Families	Waller	$65,000	440	378	59	3	118	322
Bonita Street House of Hope	Harris	$62,790	84	25	59	0	11	73
Harmony House, Inc.	Harris	$112,082	25	8	11	6	2	23
Providence Ministry Corporation dba La Posada Providencia	Cameron	$36,450	913	859	48	6	448	465
Randy Sams Outreach Shelter	Bowie	$65,000	194	112	74	8	4	190
Salvation Army - Beaumont	Jefferson	$65,000	1684	1070	588	26	73	1611
Salvation Army - Galveston	Galvestion	$59,347	3221	2063	816	342	218	3003
Salvation Army - Waco	McLennan	$57,190	861	531	329	1	86	775
Salvation Army - Fort Worth	Tarrant	$58,212	102	82	20	0	29	73
ESGP Total	State	$4,896,773	112,172	84,642	22,299	5,231	28,883	83,289

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 TDHCA's 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.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional information has been organized into three general categories of housing activity type.

Multifamily Rental Development. Includes the Housing Tax Credit Program, the Multifamily Bond Program, Housing Trust Fund Multifamily activities, and HOME Multifamily activities

Rental Assistance. Includes the Section 8 Program and HOME Tenant Based Rental Assistance

Homeowner Programs. Includes the First Time Homebuyer Program, HOME Owner-Occupied Housing Assistance , HOME Homebuyer Assistance, and Housing Trust Fund Single Family activities (Bootstrap Loan Program)

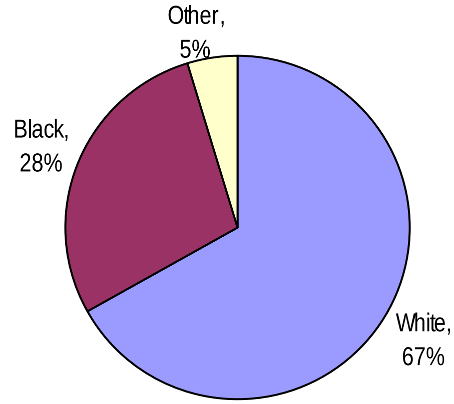
For more information on racial reporting and these categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Acitivites section.

REGION 1

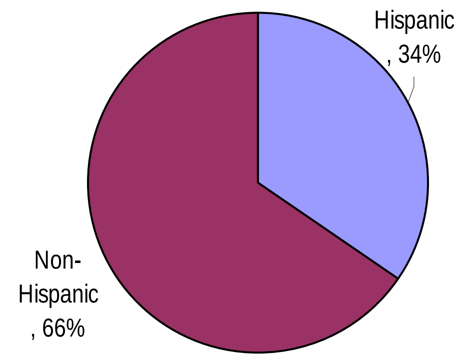
TDHCA allocated $5,067,450 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 53%. "Very Low Income" households was the most served income group, receiving 36% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 1

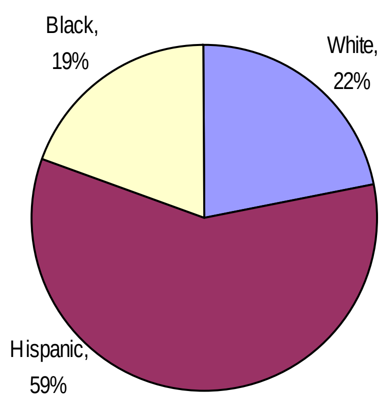


Percent of Committed Funds, by Ethnicity, Region 1



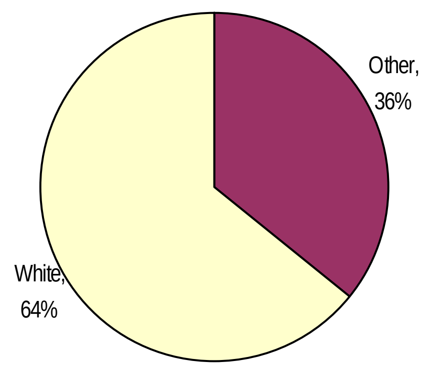
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 1

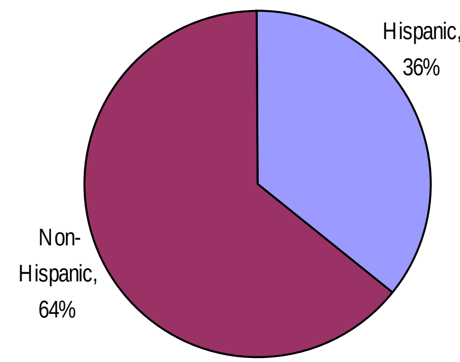


Rental Assistance

Percent of Committed Funds, by Race, Region 1



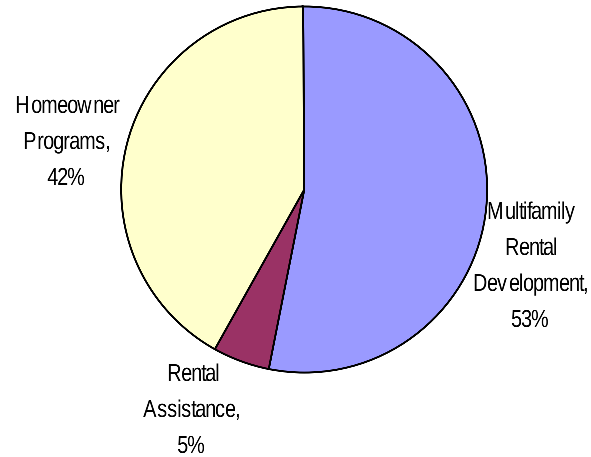
Percent of Committed Funds, by Ethnicity, Region 1



Funding and Households Served, by Activity, for All Housing Programs, Region 1

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,687,835	536	53%	89%
Rental Assistance	$243,360	30	5%	5%
Homeowner Programs	$2,136,255	36	42%	6%
Total	$5,067,450	602		

Percent of Committed Funds, by Activity, Region 1



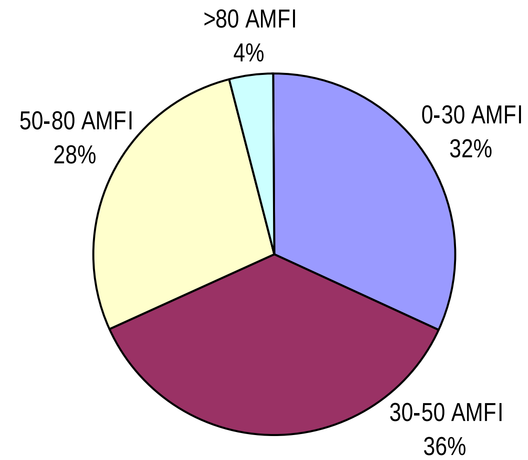
Funding and Households Served, by Activity and Housing Program, Region 1

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$33,750	20	$2,654,085	516	$0	0	$0	0
Rental Assistance	$0	0	$243,360	30	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$452,911	7	$1,683,344	29	$0	0	$0	0	$0	0	$0	0
Total	$452,911	7	$1,926,704	59	$33,750	20	$2,654,085	516	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,597,619	183	32%	30%
Very Low Income (30-50 AMFI)	$1,836,860	124	36%	21%
Low Income (50-80 AMFI)	$1,419,453	270	28%	45%
Moderate Income (>80 AMFI)	$213,519	25	4%	4%
Total	$5,067,451	602		

Percent of Committed Funds, by Income Category,



Funding and Households Served, by Income Category and Housing Program, Region 1

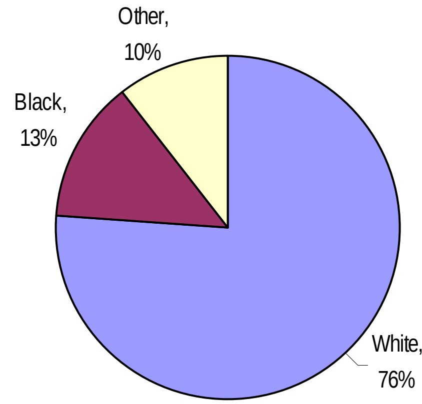
	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$541,632	35	$33,750	20	$ 1,022,237	128	$0	0	$0	0
VeryLow Income	$0	0	$1,385,072	24	$0	0	$ 451,788	100	$0	0	$0	0
Low Income	$320,923	5	$0	0	$0	0	$ 1,098,530	265	$0	0	$0	0
Moderate Income	$131,988	2	$0	0	$0	0	$ 81,531	23	$0	0	$0	0
Total	$452,911	7	$1,926,704	59	$33,750	20	$2,654,086	516	$0	0	$0	0

REGION 2

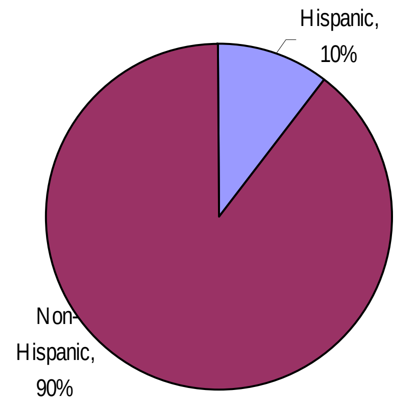
TDHCA allocated $6,230,312 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 65%. "Very Low Income" households was the most served income group, receiving 45% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 2

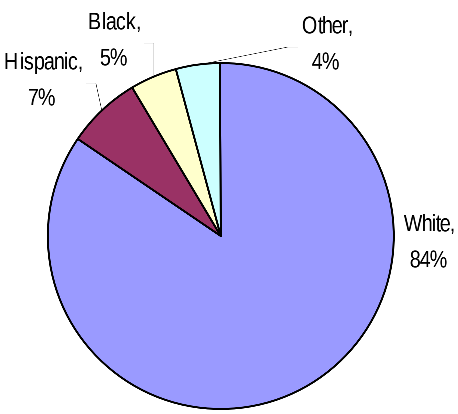


Percent of Committed Funds, by Ethnicity, Region 2



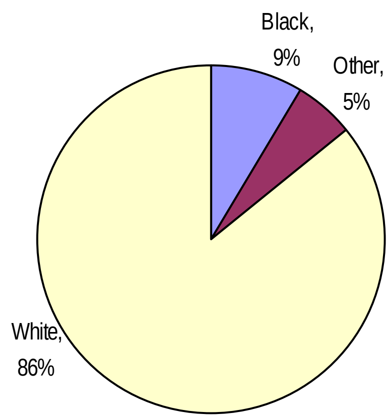
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 2

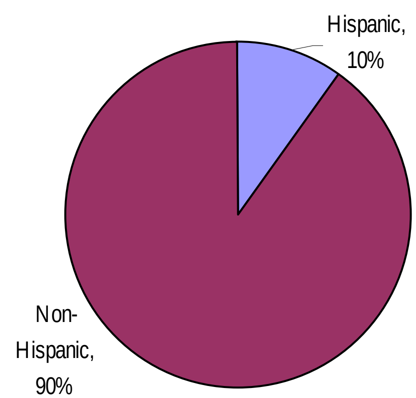


Rental Assistance

Percent of Committed Funds, by Race, Region 2



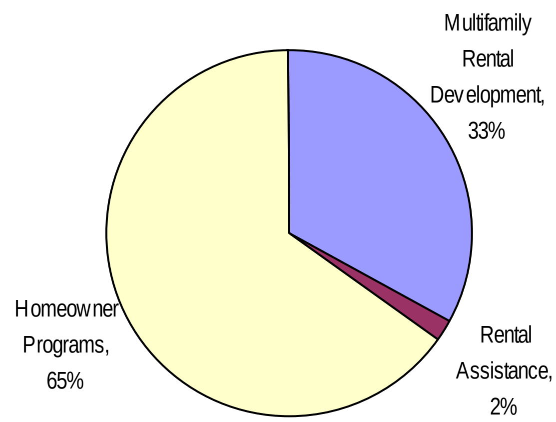
Percent of Committed Funds, by Ethnicity, Region 2



Funding and Households Served, by Activity, for All Housing Programs, Region 2

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,029,551	226	33%	68%
Rental Assistance	$121,478	39	2%	12%
Homeowner Programs	$4,079,283	66	65%	20%
Total	$6,230,312	331		

Percent of Committed Funds, by Activity, Region 2



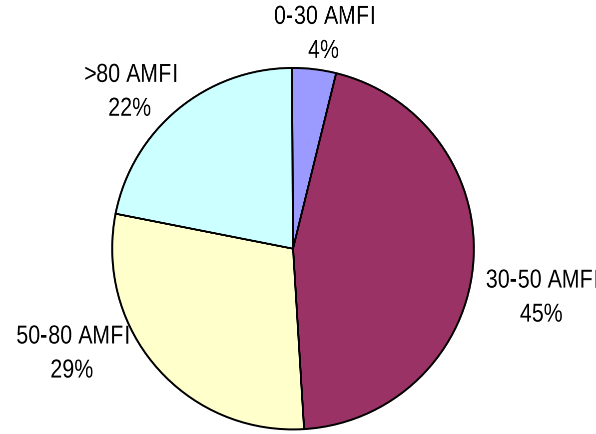
Funding and Households Served, by Activity and Housing Program, Region 2

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$826,236	28	$0	0	$1,203,315	198	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$121,478	39
Homeowner Programs	$2,935,283	46	$1,144,000	20	$0	0	$0	0	$0	0	$0	0
Total	$2,935,283	46	$1,970,236	48	$0	0	$1,203,315	198	$0	0	$121,478	39

Funding and Households Served, by Income Category, for All Housing Programs, Region 2

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$231,751	35	4%	11%
Very Low Income (30-50 AMFI)	$2,790,649	155	45%	47%
Low Income (50-80 AMFI)	$1,834,699	77	29%	23%
Moderate Income (>80 AMFI)	$1,373,213	64	22%	19%
Total	$6,230,312	331		

Percent of Committed Funds, by Income Category, Region 2



Funding and Households Served, by Income Category and Housing Program, Region 2

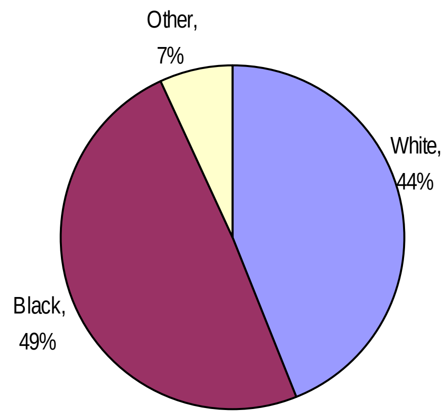
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$59,529	1	$29,508	1	$0	0	$52,752	6	$0	0	$89,962	27
VeryLow Income	$320,102	7	$1,940,728	47	$0	0	$498,303	89	$0	0	$31,516	12
Low Income	$1,426,313	25	$0	0	$0	0	$408,386	52	$0	0	$0	0
Moderate Income	$1,129,339	13	$0	0	$0	0	$243,874	51	$0	0	$0	0
Total	$2,935,283	46	$1,970,236	48	$0	0	$1,203,315	198	$0	0	$121,478	39

REGION 3

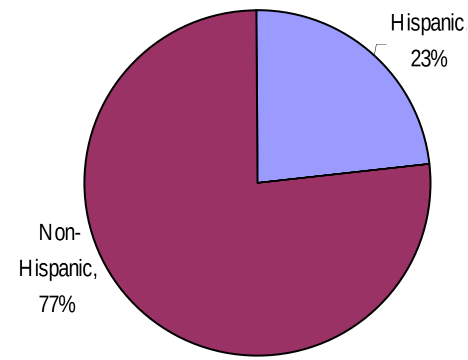
TDHCA allocated $149,603,422 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 51%. “Low Income” households was the most served income group, receiving 61% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 3

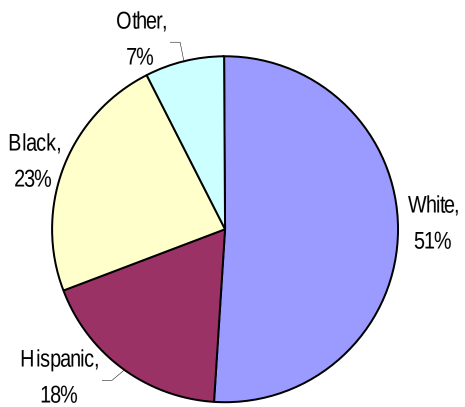


Percent of Committed Funds, by Ethnicity, Region 3



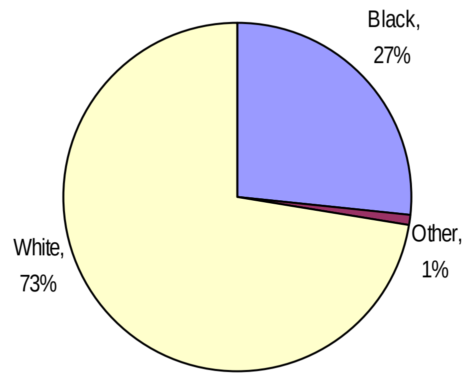
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 3

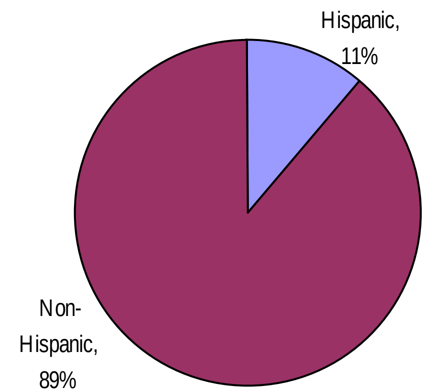


Rental Assistance

Percent of Committed Funds, by Race, Region 3



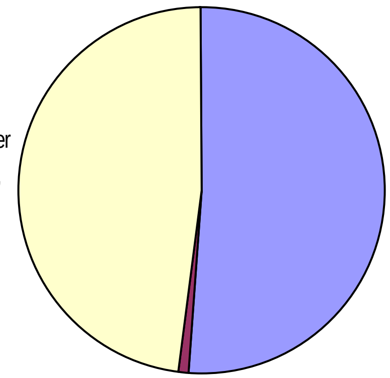
Percent of Committed Funds, by Ethnicity, Region 3



Funding and Households Served, by Activity, for All Housing Programs, Region 3

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$76,078,491	6,453	51%	86%
Rental Assistance	$2,216,004	346	1%	5%
Homeowner Programs	$71,308,927	703	48%	9%
Total	$149,603,422	7,502		

Percent of Committed Funds, by Activity, Region 3



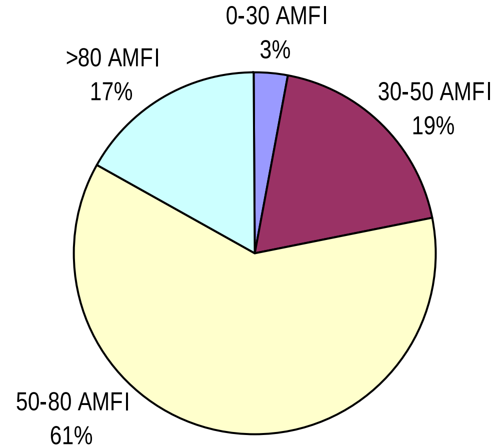
Funding and Households Served, by Activity and Housing Program, Region 3

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$3,107,885	245	$137,500	490	$17,653,106	4342	$55,180,000	1376	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$2,216,004	346
Homeowner Programs	$67,445,727	575	$3,203,200	106	$660,000	22	$0	0	$0	0	$0	0
Total	$67,445,727	575	$6,311,085	351	$797,500	512	$17,653,106	4,342	$55,180,000	1,376	$2,216,004	346

Funding and Households Served, by Income Category, for All Housing Programs, Region 3

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$4,918,079	527	3%	7%
Very Low Income (30-50 AMFI)	$28,225,246	1,436	19%	19%
Low Income (50-80 AMFI)	$91,215,851	5,172	61%	69%
Moderate Income (>80 AMFI)	$25,244,246	367	17%	5%
Total	$149,603,422	7,502		

Percent of Committed Funds, by Income Category, Region 3



Funding and Households Served, by Income Category and Housing Program, Region 3

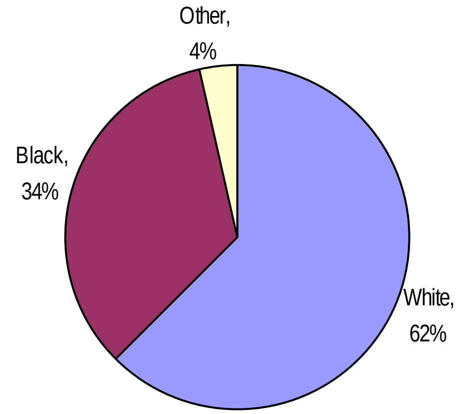
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$363,893	5	$1,364,498	40	$150,000	5	$1,170,094	208	$0	0	$1,869,594	269
VeryLow Income	$6,887,367	75	$3,462,762	129	$450,000	15	$2,453,126	714	$14,640,198	431	$331,793	72
Low Income	$37,633,721	321	$1,483,825	182	$197,500	492	$13,676,013	3291	$38,210,175	881	$14,617	5
Moderate Income	$22,560,746	174	$0	0	$0	0	$353,873	129	$2,329,627	64	$0	0
Total	$67,445,727	575	$6,311,085	351	$797,500	512	$17,653,106	4342	$55,180,000	1376	$2,216,004	346

REGION 4

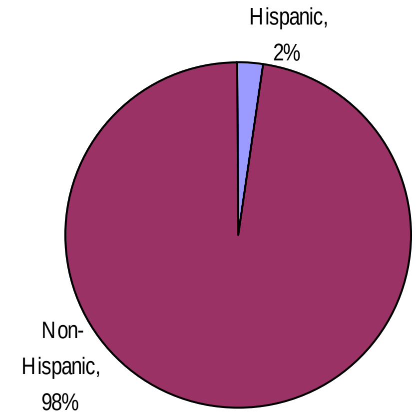
TDHCA allocated $7,299,362 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 62%. "Low income" households was the most served income group, receiving 43% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 4

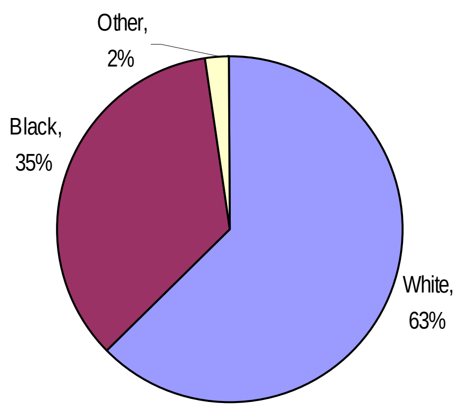


Percent of Committed Funds, by Ethnicity, Region 4



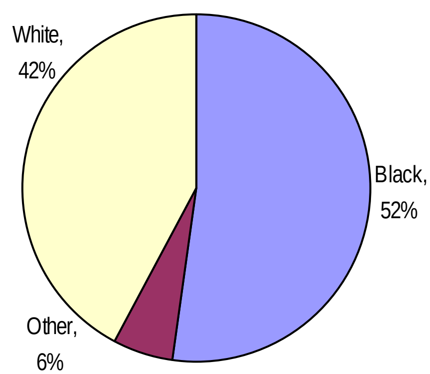
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 4

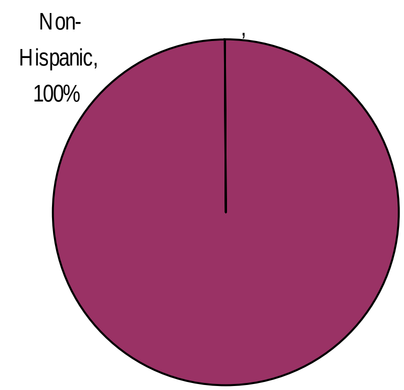


Rental Assistance

Percent of Committed Funds, by Race, Region 4



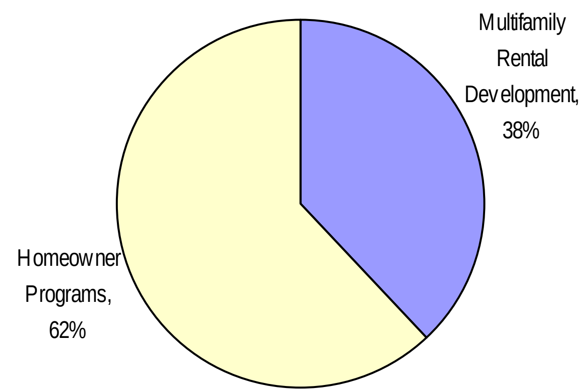
Percent of Committed Funds, by Ethnicity, Region 4



Funding and Households Served, by Activity, for All Housing Programs, Region 4

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$2,762,426	372	38%	69%
Rental Assistance	$0	0	0%	0%
Homeowner Programs	$4,536,936	165	62%	31%
Total	$7,299,362	537		

Percent of Committed Funds, by Activity, Region 4



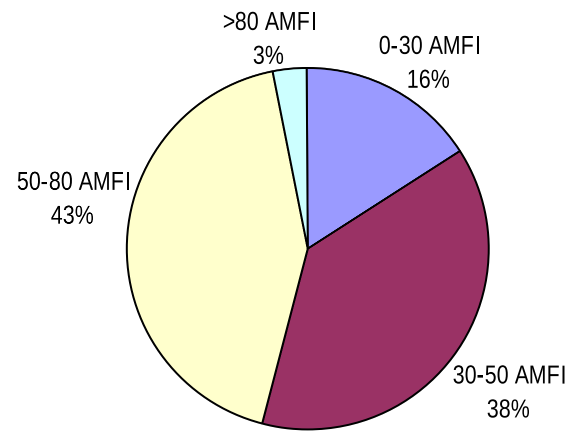
Funding and Households Served, by Activity and Housing Program, Region 4

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$175,000	48	$0	0	$2,587,426	324	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$352,392	6	$4,184,544	159	$0	0	$0	0	$0	0	$0	0
Total	$352,392	6	$4,359,544	207	$0	0	$2,587,426	324	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 4

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,131,872	48	16%	9%
Very Low Income (30-50 AMFI)	$2,807,014	120	38%	22%
Low Income (50-80 AMFI)	$3,160,168	366	43%	68%
Moderate Income (>80 AMFI)	$200,309	3	3%	1%
Total	$7,299,363	537		

Percent of Committed Funds, by Income Category, Region 4



Funding and Households Served, by Income Category and Housing Program, Region 4

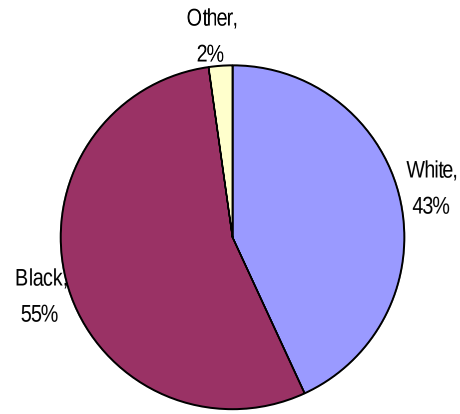
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$30,000	1	$865,292	17	$0	0	$236,580	30	$0	0	$0	0
VeryLow Income	$60,000	2	$2,401,103	80	$0	0	$345,911	38	$0	0	$0	0
Low Income	$70,200	1	$1,093,149	110	$0	0	$1,996,819	255	$0	0	$0	0
Moderate Income	$192,192	2	$0	0	$0	0	$8,117	1	$0	0	$0	0
Total	$352,392	6	$4,359,544	207	$0	0	$2,587,427	324	$0	0	$0	0

REGION 5

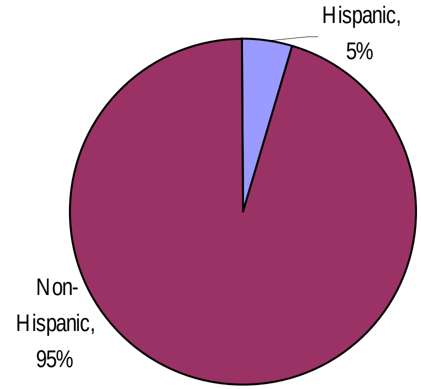
TDHCA allocated $21,921,409 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 69%. "Low Income" households was the most served income group, receiving 42% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 5

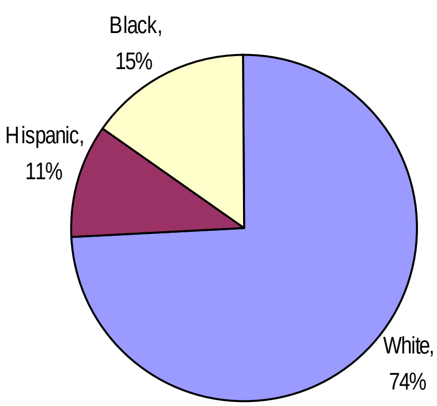


Percent of Committed Funds, by Ethnicity, Region 5



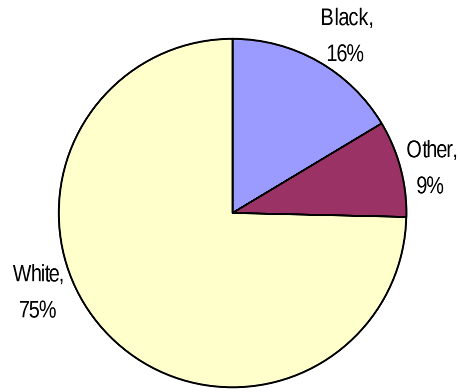
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 5

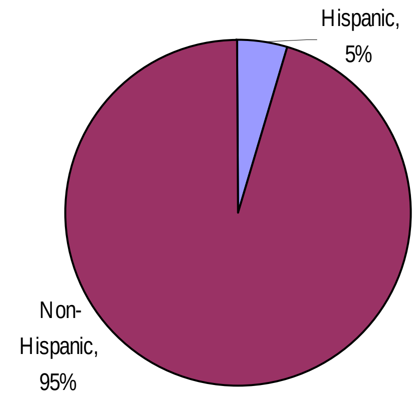


Rental Assistance

Percent of Committed Funds, by Race, Region 5



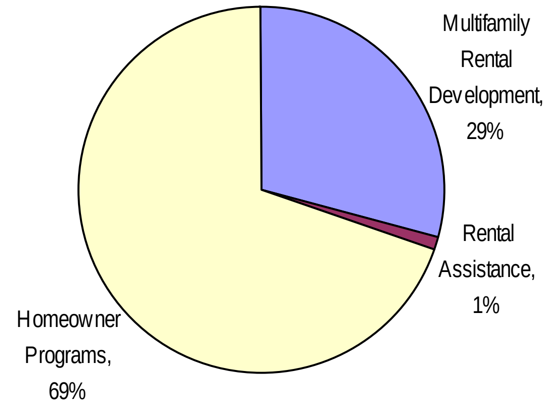
Percent of Committed Funds, by Ethnicity, Region 5



Funding and Households Served, by Activity, for All Housing Programs, Region 5

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$6,427,454	814	29%	71%
Rental Assistance	$286,000	32	1%	3%
Homeowner Programs	$15,207,955	299	69%	26%
Total	$21,921,409	1,145		

Percent of Committed Funds, by Activity, Region 5



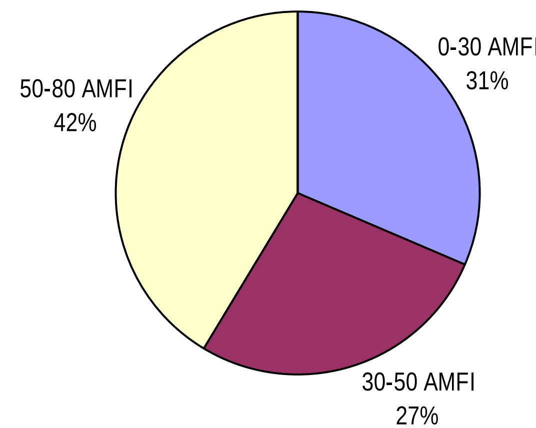
Funding and Households Served, by Activity and Housing Program, Region 5

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$712,669	72	$0	0	$5,714,785	742	$0	0	$0	0
Rental Assistance	$0	0	$286,000	32	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$4,859,955	63	$10,348,000	236	$0	0	$0	0	$0	0	$0	0
Total	$4,859,955	63	$11,346,669	340	$0	0	$5,714,785	742	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 5

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$6,842,339	255	31%	22%
Very Low Income (30-50 AMFI)	$5,909,842	358	27%	31%
Low Income (50-80 AMFI)	$9,064,082	520	41%	45%
Moderate Income (>80 AMFI)	$105,146	12	0%	1%
Total	$21,921,409	1,145		

Percent of Committed Funds, by Income Category, Region 5



Funding and Households Served, by Income Category and Housing Program, Region 5

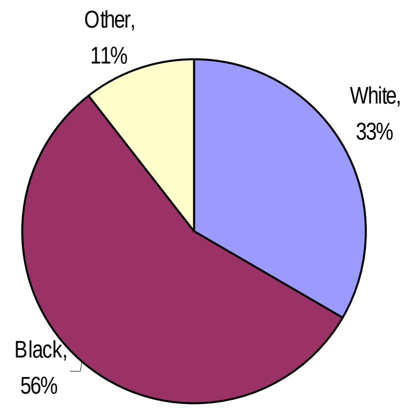
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$331,086	6	$5,980,289	188	$0	0	$530,964	61	$0	0	$0	0
VeryLow Income	$1,699,734	25	$2,600,897	51	$0	0	$1,609,211	282	$0	0	$0	0
Low Income	$2,829,135	32	$2,735,789	98	$0	0	$3,499,158	390	$0	0	$0	0
Moderate Income	$0	0	$29,695	3	$0	0	$75,451	9	$0	0	$0	0
Total	$4,859,955	63	$11,346,670	340	$0	0	$5,714,784	742	$0	0	$0	0

REGION 6

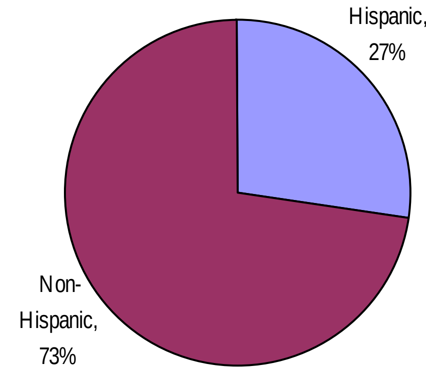
TDHCA allocated $129,338,100 in the region in FY 2006. Multifamily development accounted for the largest segment of this total with 71%. "Low Income" households was the most served income group, receiving 77% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 6

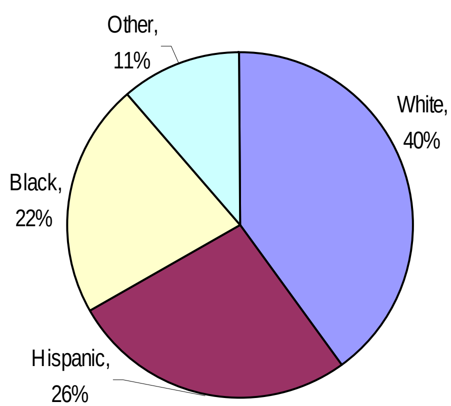


Percent of Committed Funds, by Ethnicity, Region 6



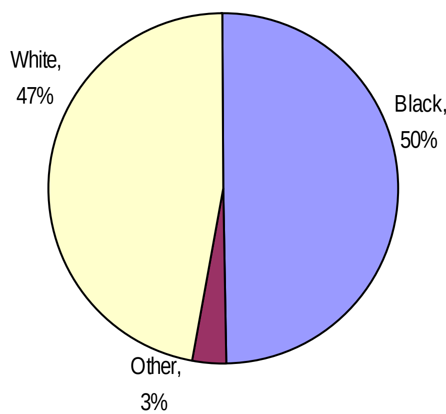
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 6

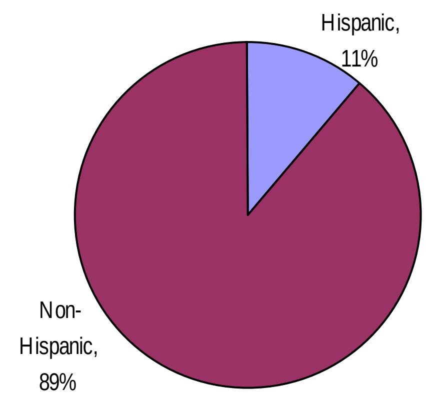


Rental Assistance

Percent of Committed Funds, by Race, Region 6



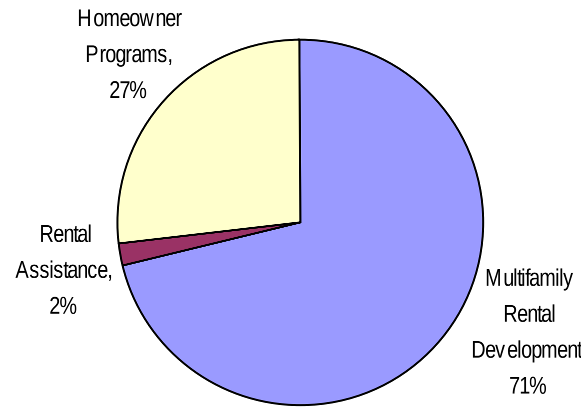
Percent of Committed Funds, by Ethnicity, Region 6



Funding and Households Served, by Activity, for All Housing Programs, Region 6

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$91,726,776	5,932	71%	89%
Rental Assistance	$2,383,460	451	2%	7%
Homeowner Programs	$35,227,864	312	27%	5%
Total	$129,338,100	6,695		

Percent of Committed Funds, by Activity, Region 6



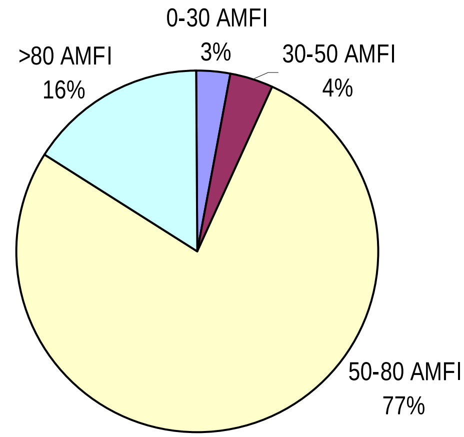
Funding and Households Served, by Activity and Housing Program, Region 6

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$35,000	10	$18,276,776	4453	$73,415,000	1469	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$2,383,460	451
Homeowner Programs	$33,511,864	282	$1,716,000	30	$0	0	$0	0	$0	0	$0	0
Total	$33,511,864	282	$1,716,000	30	$35,000	10	$18,276,776	4,453	$73,415,000	1,469	$2,383,460	451

Funding and Households Served, by Income Category, for All Housing Programs, Region 6

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$3,825,955	517	3%	8%
Very Low Income (30-50 AMFI)	$5,698,643	627	4%	9%
Low Income (50-80 AMFI)	$98,675,614	5,239	77%	78%
Moderate Income (>80 AMFI)	$21,137,888	312	16%	5%
Total	$129,338,100	6,695		

Percent of Committed Funds, by Income Category, Region 6



Funding and Households Served, by Income Category and Housing Program, Region 6

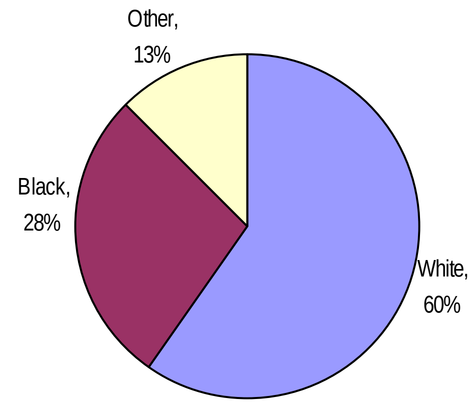
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$858,000	15	$0	0	$820,204	125	$0	0	$2,147,751	377
VeryLow Income	$1,007,501	11	$858,000	15	$35,000	10	$3,590,684	525	$0	0	$207,458	66
Low Income	$15,765,777	141	$0	0	$0	0	$13,279,762	3673	$69,601,824	1417	$28,251	8
Moderate Income	$16,738,586	130	$0	0	$0	0	$586,126	130	$3,813,176	52	$0	0
Total	$33,511,864	282	$1,716,000	30	$35,000	10	$18,276,776	4453	$73,415,000	1469	$2,383,460	451

REGION 7

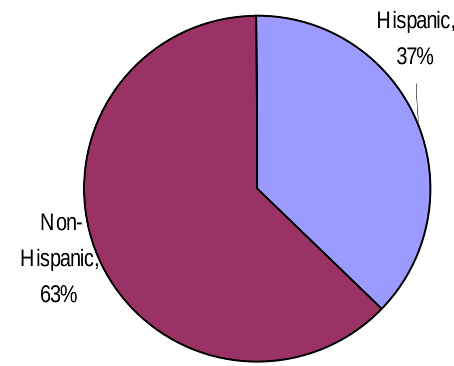
TDHCA allocated $112,240,815 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 75%. "Low income" households was the most served income group, receiving 63% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 7

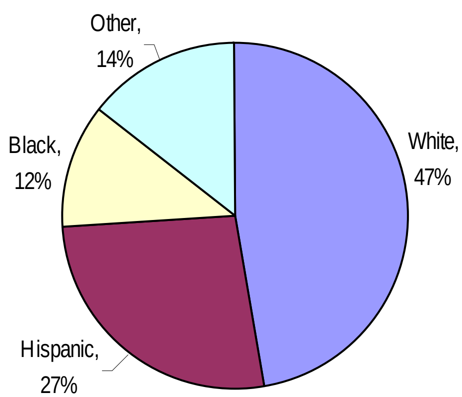


Percent of Committed Funds, by Ethnicity, Region 7



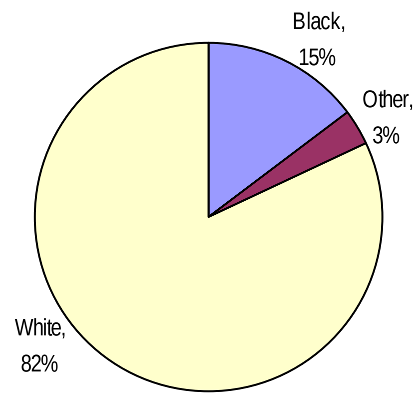
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 7

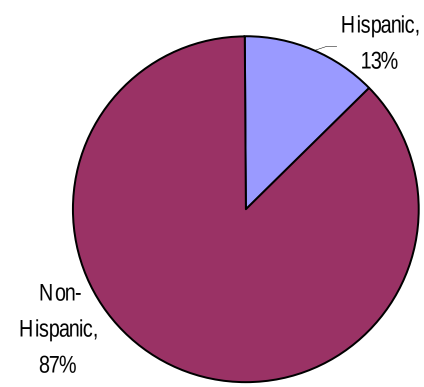


Rental Assistance

Percent of Committed Funds, by Race, Region 7



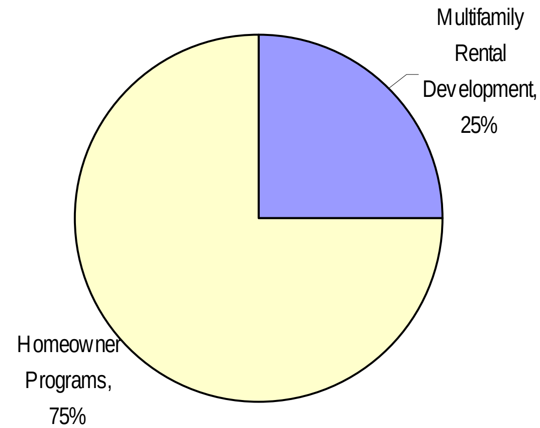
Percent of Committed Funds, by Ethnicity, Region 7



Funding and Households Served, by Activity, for All Housing Programs, Region 7

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$27,731,234	2,398	25%	76%
Rental Assistance	$446,992	85	0%	3%
Homeowner Programs	$84,062,589	688	75%	22%
Total	$112,240,815	3,171		

Percent of Committed Funds, by Activity, Region 7



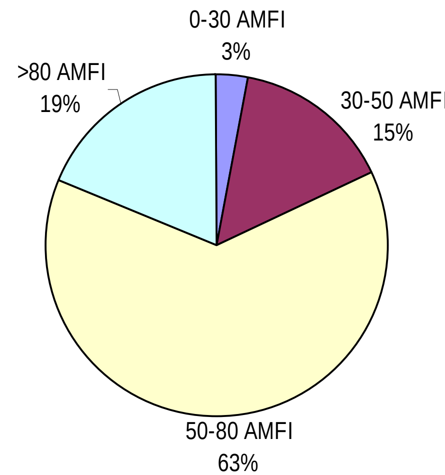
Funding and Households Served, by Activity and Housing Program, Region 7

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$5,750,000	470	$101,600	53	$6,879,634	1627	$15,000,000	248	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$446,992	85
Homeowner Programs	$81,894,589	618	$2,168,000	70	$0	0	$0	0	$0	0	$0	0
Total	$81,894,589	618	$7,918,000	540	$101,600	53	$6,879,634	1,627	$15,000,000	248	$446,992	85

Funding and Households Served, by Income Category, for All Housing Programs, Region 7

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$3,209,399	191	3%	6%
Very Low Income (30-50 AMFI)	$16,496,367	797	15%	25%
Low Income (50-80 AMFI)	$70,923,722	2,027	63%	64%
Moderate Income (>80 AMFI)	$21,611,328	156	19%	5%
Total	$112,240,816	3,171		

Percent of Committed Funds, by Income Category, Region 7



Funding and Households Served, by Income Category and Housing Program, Region 7

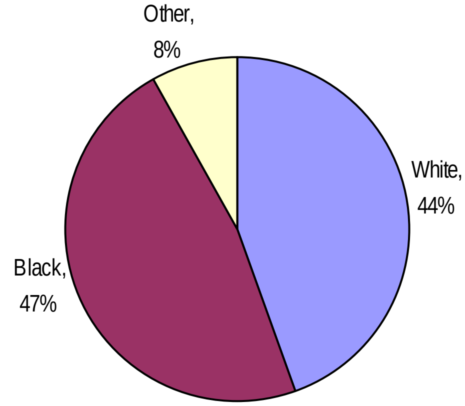
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC Committed Funds	HTC Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served
Extremely Low Income	$877,267	7	$1,564,376	51	$0	0	$349,101	57	$0	0	$418,655	76
VeryLow Income	$11,233,585	99	$3,356,703	249	$35,000	4	$1,848,200	437	$0	0	$22,879	8
Low Income	$48,217,036	364	$2,996,921	240	$66,600	49	$4,637,707	1125	$15,000,000	248	$5,458	1
Moderate Income	$21,566,701	148	$0	0	$0	0	$44,627	8	$0	0	$0	0
Total	$81,894,589	618	$7,918,000	540	$101,600	53	$6,879,635	1627	$15,000,000	248	$446,992	85

REGION 8

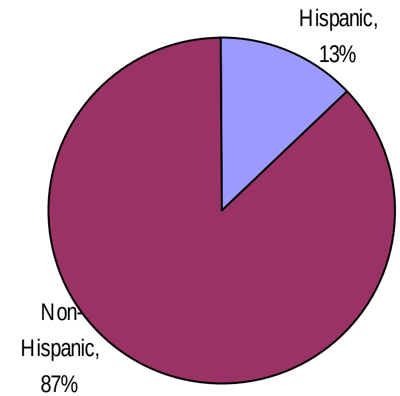
Multifamily Rental Development

TDHCA allocated $34,441,280 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 50%. "Low Income" households was the most served income group, receiving 57% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Percent of Committed Funds, by Race, Region 8

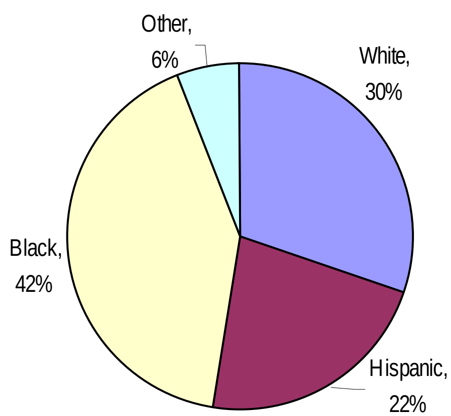


Percent of Committed Funds, by Ethnicity, Region 8



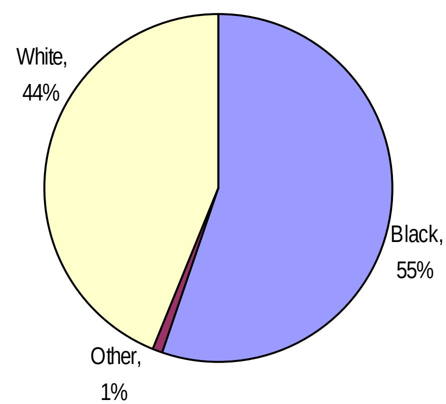
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 8

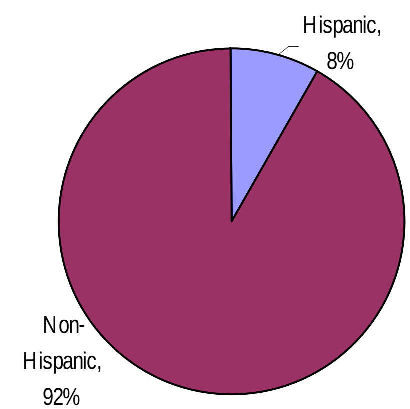


Rental Assistance

Percent of Committed Funds, by Race, Region 8



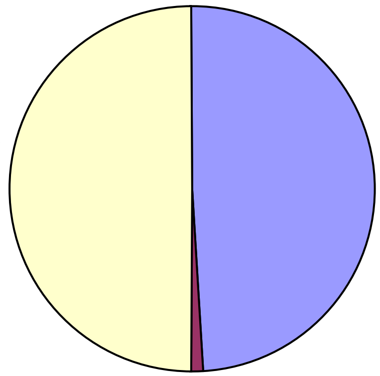
Percent of Committed Funds, by Ethnicity, Region 8



Funding and Households Served, by Activity, for All Housing Programs, Region 8

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$17,007,766	1,080	49%	77%
Rental Assistance	$309,475	100	1%	7%
Homeowner Programs	$17,124,039	219	50%	16%
Total	$34,441,280	1,399		

Percent of Committed Funds, by Activity, Region 8



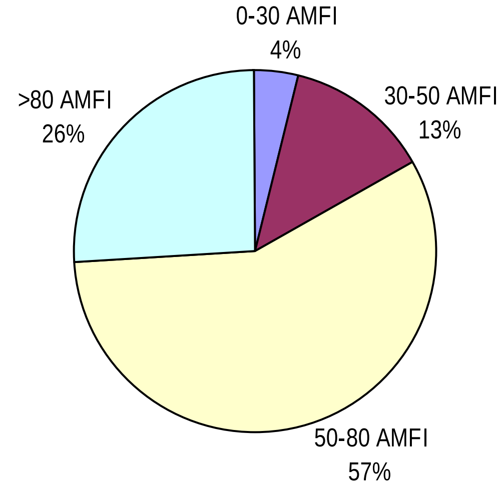
Funding and Households Served, by Activity and Housing Program, Region 8

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$2,922,678	152	$0	0	$3,785,088	748	$10,300,000	180	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$309,475	100
Homeowner Programs	$14,609,239	143	$1,944,800	57	$570,000	19	$0	0	$0	0	$0	0
Total	$14,609,239	143	$4,867,478	209	$570,000	19	$3,785,088	748	$10,300,000	180	$309,475	100

Funding and Households Served, by Income Category, for All Housing Programs, Region 8

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,274,454	128	4%	9%
Very Low Income (30-50 AMFI)	$4,579,554	199	13%	14%
Low Income (50-80 AMFI)	$19,666,210	950	57%	68%
Moderate Income (>80 AMFI)	$8,921,062	122	26%	9%
Total	$34,441,280	1,399		

Percent of Committed Funds, by Income Category, Region 8



Funding and Households Served, by Income Category and Housing Program, Region 8

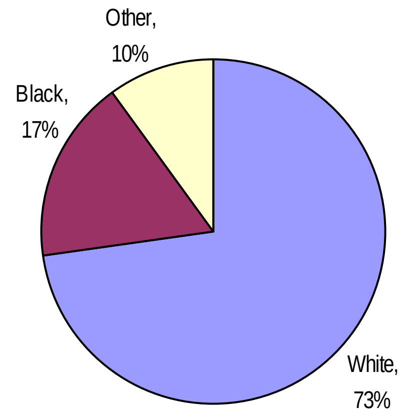
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$90,000	3	$386,000	12	$270,000	9	$278,769	34	$0	0	$249,685	70
VeryLow Income	$779,442	17	$2,982,336	90	$270,000	9	$492,425	58	$0	0	$55,351	25
Low Income	$6,636,978	65	$1,499,142	107	$30,000	1	$2,912,318	622	$8,583,333	150	$4,439	5
Moderate Income	$7,102,819	58	$0	0	$0	0	$101,576	34	$1,716,667	30	$0	0
Total	$14,609,239	143	$4,867,478	209	$570,000	19	$3,785,088	748	$10,300,000	180	$309,475	100

REGION 9

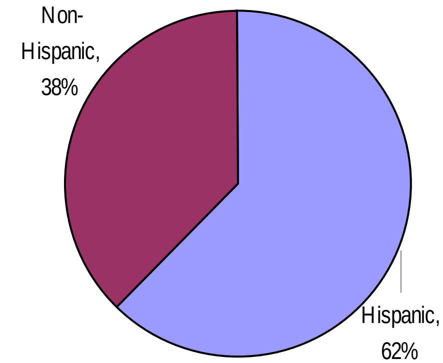
TDHCA allocated $19,405,323 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 53%. “Low income” households was the most served income group, receiving 71% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 9

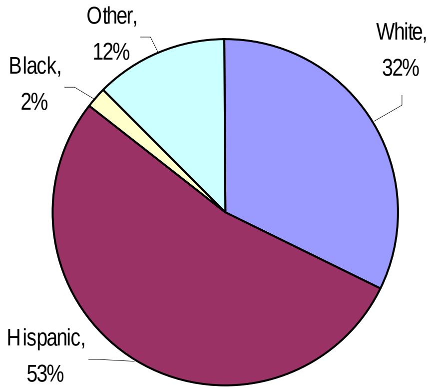


Percent of Committed Funds, by Ethnicity, Region 9



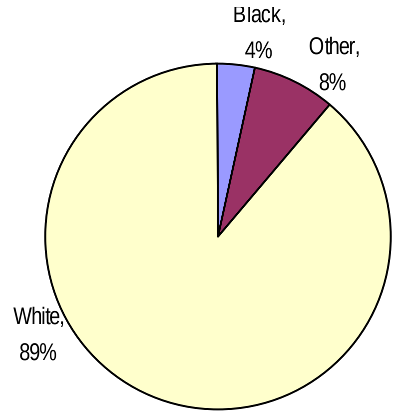
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 9

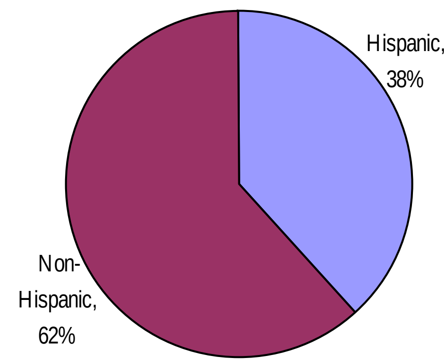


Rental Assistance

Percent of Committed Funds, by Race, Region 9



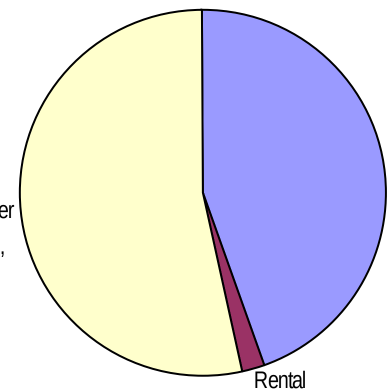
Percent of Committed Funds, by Ethnicity, Region 9



Funding and Households Served, by Activity, for All Housing Programs, Region 9

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$8,594,298	2,202	44%	93%
Rental Assistance	$472,422	74	2%	3%
Homeowner Programs	$10,338,603	104	53%	4%
Total	$19,405,323	2,380		

Percent of Committed Funds, by Activity, Region 9



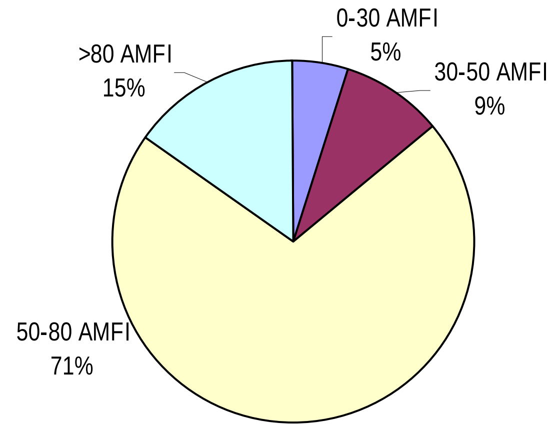
Funding and Households Served, by Activity and Housing Program, Region 9

Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Multifamily Rental Development	$0	0	$364,562	70	$0	0	$8,229,736	2132	$0	0	$0	0
Rental Assistance	$0	0	$286,000	20	$0	0	$0	0	$0	0	$186,422	54
Homeowner Programs	$9,766,603	94	$572,000	10	$0	0	$0	0	$0	0	$0	0
Total	$9,766,603	94	$1,222,562	100	$0	0	$8,229,736	2,132	$0	0	$186,422	54

Funding and Households Served, by Income Category, for All Housing Programs, Region 9

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,053,357	112	5%	5%
Very Low Income (30-50 AMFI)	$1,722,056	173	9%	7%
Low Income (50-80 AMFI)	$13,660,751	2,064	70%	87%
Moderate Income (>80 AMFI)	$2,969,159	31	15%	1%
Total	$19,405,323	2,380		

Percent of Committed Funds, by Income Category, Region 9



Funding and Households Served, by Income Category and Housing Program, Region 9

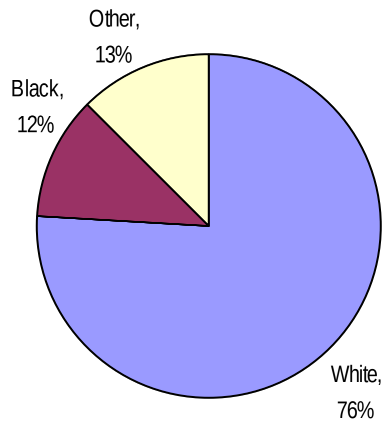
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$69,451	1	$572,000	25	$0	0	$253,264	43	$0	0	$158,642	43
VeryLow Income	$503,517	6	$410,993	29	$0	0	$779,766	127	$0	0	$27,780	11
Low Income	$6,245,308	60	$218,737	42	$0	0	$7,196,706	1962	$0	0	$0	0
Moderate Income	$2,948,327	27	$20,832	4	$0	0	$0	0	$0	0	$0	0
Total	$9,766,603	94	$1,222,562	100	$0	0	$8,229,736	2132	$0	0	$186,422	54

REGION 10

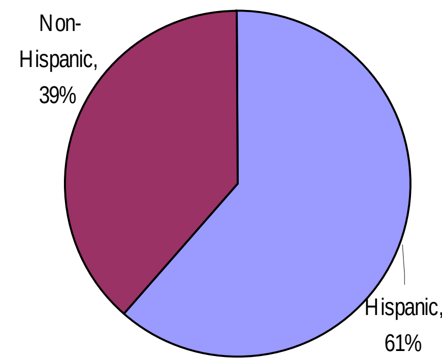
TDHCA allocated $9,335,655 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 54%. "Low Income" households was the most served income group, receiving 52% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 10

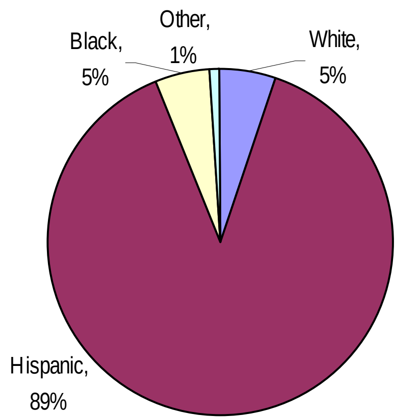


Percent of Committed Funds, by Ethnicity, Region 10



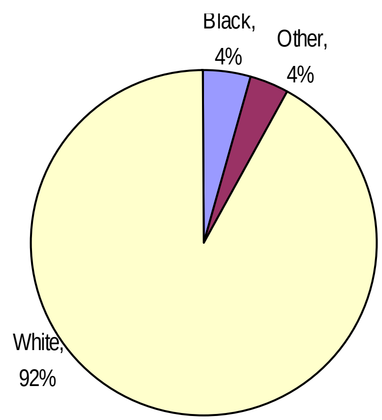
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 10

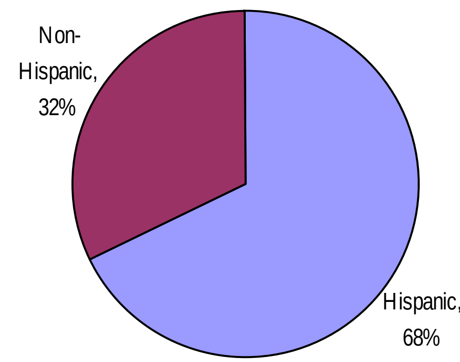


Rental Assistance

Percent of Committed Funds, by Race, Region 10



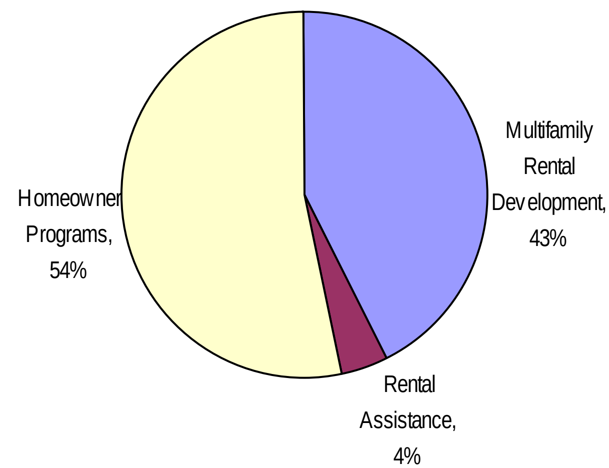
Percent of Committed Funds, by Ethnicity, Region 10



Funding and Households Served, by Activity, for All Housing Programs, Region 10

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$3,974,493	819	43%	85%
Rental Assistance	$343,065	38	4%	4%
Homeowner Programs	$5,018,097	105	54%	11%
Total	$9,335,655	962		

Percent of Committed Funds, by Activity, Region 10



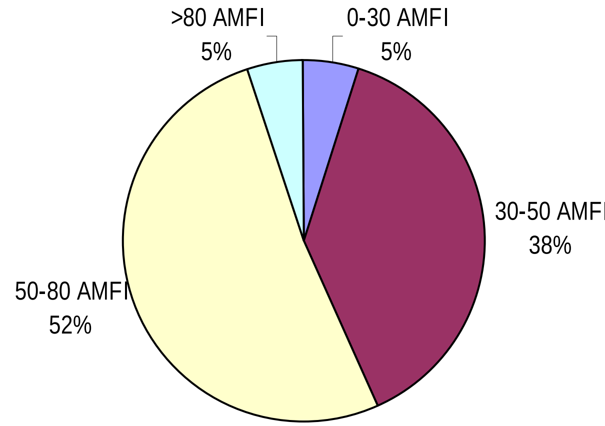
Funding and Households Served, by Activity and Housing Program, Region 10

	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
Activity	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$170,000	48	$70,000	21	$3,734,493	750	$0	0	$0	0
Rental Assistance	$0	0	$286,000	25	$0	0	$0	0	$0	0	$57,065	13
Homeowner Programs	$1,904,097	23	$2,964,000	77	$150,000	5	$0	0	$0	0	$0	0
Total	$1,904,097	23	$3,420,000	150	$220,000	26	$3,734,493	750	$0	0	$57,065	13

Funding and Households Served, by Income Category, for All Housing Programs, Region 10

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$498,411	64	5%	7%
Very Low Income (30-50 AMFI)	$3,579,332	190	38%	20%
Low Income (50-80 AMFI)	$4,750,457	704	51%	73%
Moderate Income (>80 AMFI)	$507,455	4	5%	0%
Total	$9,335,655	962		

Percent of Committed Funds, by Income Category, Region 10



Funding and Households Served, by Income Category and Housing Program, Region 10

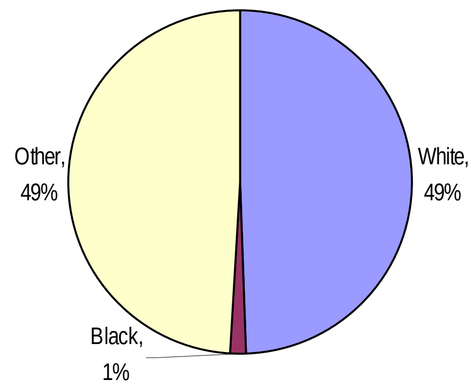
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$220,508	23	$65,000	7	$162,553	23	$0	0	$50,350	11
VeryLow Income	$577,942	9	$1,934,400	50	$30,000	3	$1,030,275	126	$0	0	$6,715	2
Low Income	$818,700	10	$1,265,092	77	$125,000	16	$2,541,665	601	$0	0	$0	0
Moderate Income	$507,455	4	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$1,904,097	23	$3,420,000	150	$220,000	26	$3,734,493	750	$0	0	$57,065	13

REGION 11

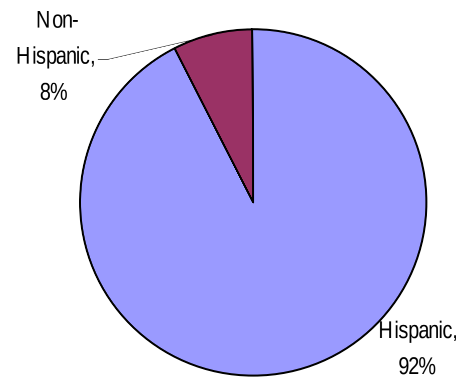
TDHCA allocated $30,743,913 in the region in FY 2006. Homeowner Programs accounted for the largest segment of this total with 79%. “Low income” households was the most served income group, receiving 50% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 11

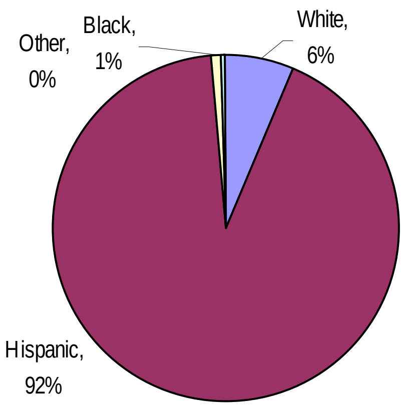


Percent of Committed Funds, by Ethnicity, Region 11



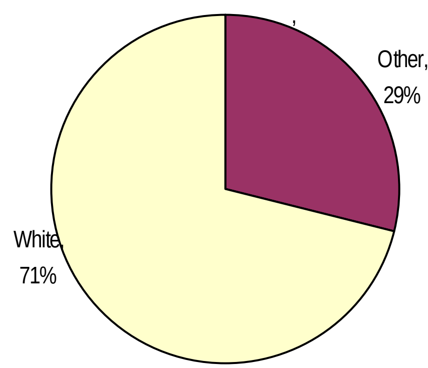
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 11

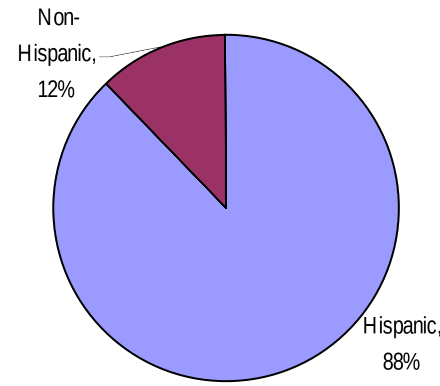


Rental Assistance

Percent of Committed Funds, by Race, Region 11



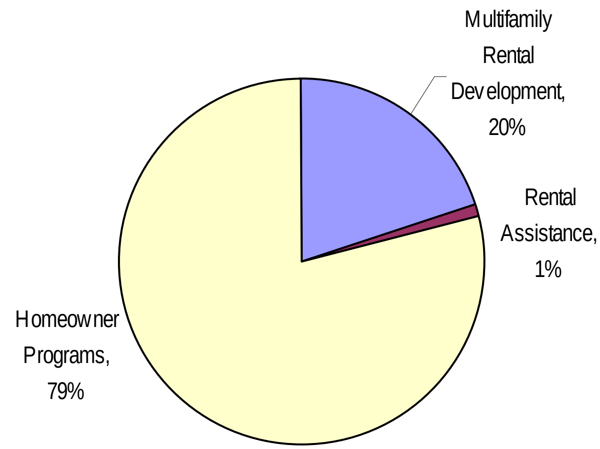
Percent of Committed Funds, by Ethnicity, Region 11



Funding and Households Served, by Activity, for All Housing Programs, Region 11

Activity	Commited Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$6,061,874	925	20%	65%
Rental Assistance	$324,944	37	1%	3%
Homeowner Programs	$24,357,095	461	79%	32%
Total	$30,743,913	1,423		

Percent of Committed Funds, by Activity, Region 11



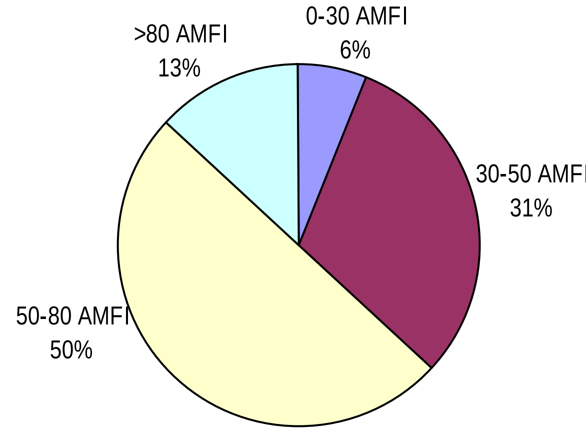
Funding and Households Served, by Activity and Housing Program, Region 11

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$389,868	58	$0	0	$5,672,006	867	$0	0	$0	0
Rental Assistance	$0	0	$286,000	30	$0	0	$0	0	$0	0	$38,944	7
Homeowner Programs	$19,895,693	285	$4,222,400	167	239,002	9	$0	0	$0	0	$0	0
Total	$19,895,693	285	$4,898,268	255	$239,002	9	$5,672,006	867	$0	0	$38,944	7

Funding and Households Served, by Income Category, for All Housing Programs, Region 11

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$1,890,637	209,147	6%	87%
Very Low Income (30-50 AMFI)	$9,483,832	30,294	31%	13%
Low Income (50-80 AMFI)	$15,430,113	924	50%	0%
Moderate Income (>80 AMFI)	$3,939,331	51	13%	0%
Total	$30,743,913	240,416		

Percent of Committed Funds, by Income Category, Region 11



Funding and Households Served, by Income Category and Housing Program, Region 11

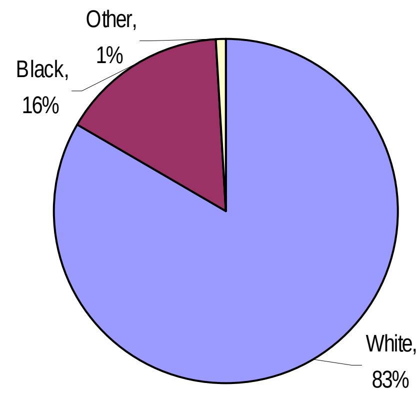
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$454,547	11	$611,519	42	$209,002	$209,002	$576,625	85	$0	0	$38,944	7
VeryLow Income	$7,861,522	128	$1,325,638	83	$30,000	$30,000	$266,672	83	$0	0	$0	0
Low Income	$7,681,087	104	$2,961,111	130	$0	0	$4,787,915	690	$0	0	$0	0
Moderate Income	$3,898,537	42	$0	0	$0	0	$40,794	9	$0	0	$0	0
Total	$19,895,693	285	$4,898,268	255	$239,002	239002	$5,672,006	867	$0	0	$38,944	7

REGION 12

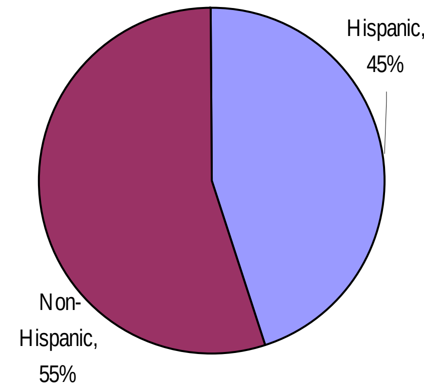
TDHCA allocated $3,170,939 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 50%. “Very Low Income” households was the most served income group, receiving 58% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

<u>Multifamily Rental Development</u>

Percent of Committed Funds, by Race, Region 12

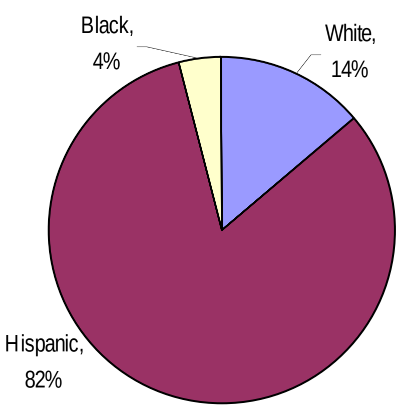


Percent of Committed Funds, by Ethnicity, Region 12



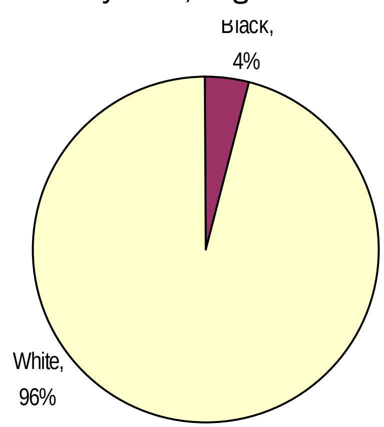
<u>Homeowner Programs</u>

Percent of Committed Funds, by Race & Ethnicity, Region 12

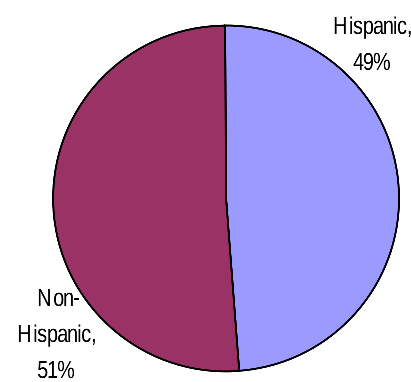


<u>Rental Assistance</u>

Percent of Committed Funds, by Race, Region 12



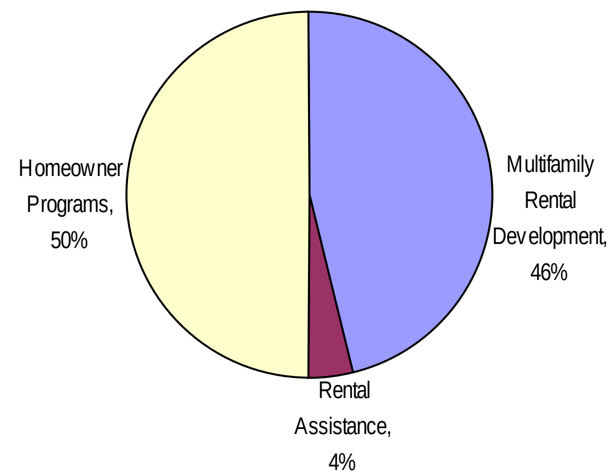
Percent of Committed Funds, by Ethnicity, Region 12



Funding and Households Served, by Activity, for All Housing Programs, Region 12

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$1,459,808	248	46%	80%
Rental Assistance	$125,131	23	4%	7%
Homeowner Programs	$1,586,000	40	50%	13%
Total	$3,170,939	311		

Percent of Committed Funds, by Activity, Region 12



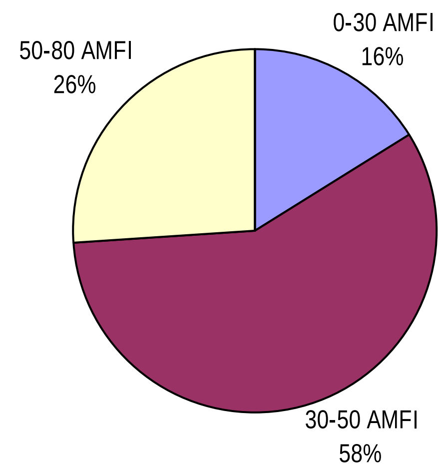
Funding and Households Served, by Activity and Housing Program, Region 12

Activity	SF Bond Committed Funds	SF Bond # of Households Served	HOME Committed Funds	HOME # of Households Served	HTF Committed Funds	HTF # of Households Served	HTC Committed Funds	HTC # of Households Served	MF Bond Committed Funds	MF Bond # of Households Served	Section 8 Committed Funds	Section 8 # of Households Served
Multifamily Rental Development	$0	0	$0	0	$0	0	$1,459,808	248	$0	0	$0	0
Rental Assistance	$0	0	$83,283	5	$0	0	$0	0	$0	0	$41,848	18
Homeowner Programs	$0	0	$1,586,000	40	0	0	$0	0	$0	0	$0	0
Total	$0	0	$1,669,283	45	$0	0	$1,459,808	248	$0	0	$41,848	18

Funding and Households Served, by Income Category, for All Housing Programs, Region 12

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$494,953	34	16%	11%
Very Low Income (30-50 AMFI)	$1,848,083	152	58%	49%
Low Income (50-80 AMFI)	$818,787	124	26%	40%
Moderate Income (>80 AMFI)	$9,117	1	0%	0%
Total	$3,170,940	311		

Percent of Committed Funds, by Income Category, Region 12



Funding and Households Served, by Income Category and Housing Program, Region 12

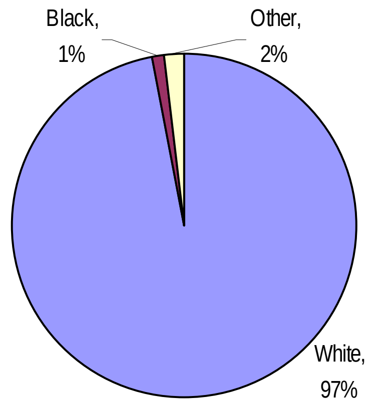
Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$0	0	$410,883	14	$0	0	$45,583	5	$0	0	$38,487	15
VeryLow Income	$0	0	$1,206,400	26	$0	0	$638,322	123	$0	0	$3,361	3
Low Income	$0	0	$52,000	5	$0	0	$766,787	119	$0	0	$0	0
Moderate Income	$0	0	$0	0	$0	0	$9,117	1	$0	0	$0	0
Total	$0	0	$1,669,283	45	$0	0	$1,459,809	248	$0	0	$41,848	18

REGION 13

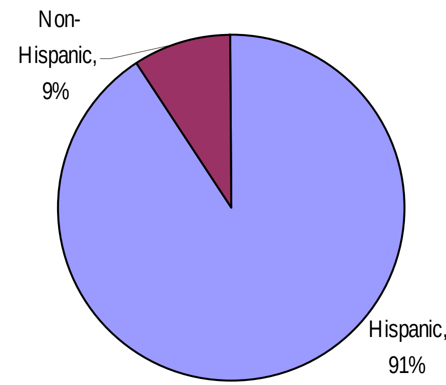
TDHCA allocated $12,920,192 in the region in FY 2006. Homeowner programs accounted for the largest segment of this total with 72%. "Low Income" households was the most served income group, receiving 55% of the funding in the region. Note: Because loan servicers do not record race and ethnicity data separately, data for homeowner programs are presented in one combined chart.

Multifamily Rental Development

Percent of Committed Funds, by Race, Region 13

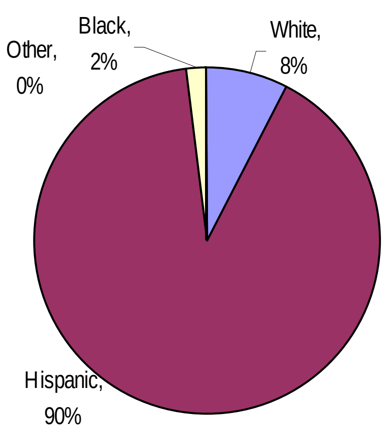


Percent of Committed Funds, by Ethnicity, Region 13



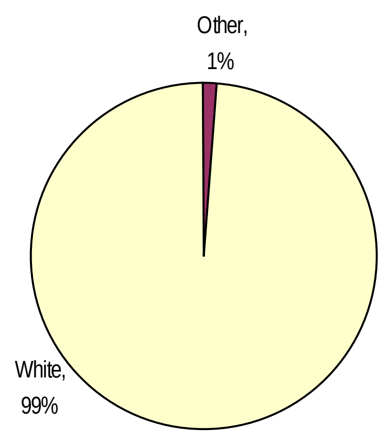
Homeowner Programs

Percent of Committed Funds, by Race & Ethnicity, Region 13

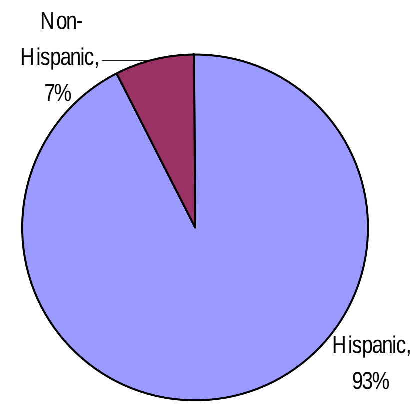


Rental Assistance

Percent of Committed Funds, by Race, Region 13



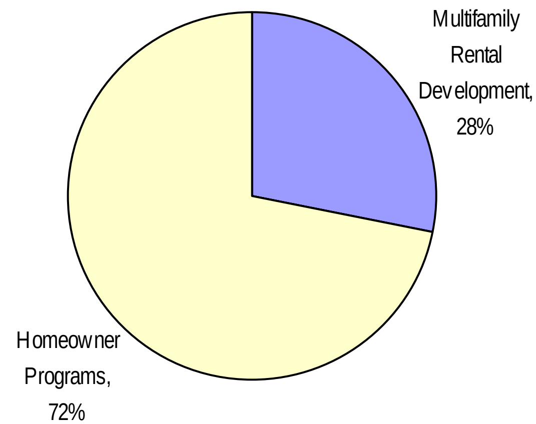
Percent of Committed Funds, by Ethnicity, Region 13



Funding and Households Served, by Activity, for All Housing Programs, Region 13

Activity	Committed Funds	Number of Households Served	% of Total Region Committed Funds	% of Total Region Households Served
Multifamily Rental Development	$3,582,286	910	28%	87%
Rental Assistance	$0	0	0%	0%
Homeowner Programs	$9,337,906	135	72%	13%
Total	$12,920,192	1,045		

Percent of Committed Funds, by Activity, Region 13



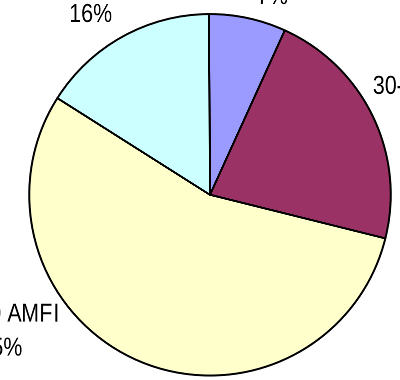
Funding and Households Served, by Activity and Housing Program, Region 13

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served	Committed Funds	# of Households Served
Multifamily Rental Development	$0	0	$0	0	$70,000	200	$3,512,286	710	$0	0	$0	0
Rental Assistance	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Homeowner Programs	$8,569,706	113	$603,200	11	$165,000	11	$0	0	$0	0	$0	0
Total	$8,569,706	113	$603,200	11	$235,000	211	$3,512,286	710	$0	0	$0	0

Funding and Households Served, by Income Category, for All Housing Programs, Region 13

Activity	Committed Funds	Number of Households Served	% of Committed Funds	% of Households Served
Extremely Low Income (0-30 AMFI)	$911,217	158	7%	15%
Very Low Income (30-50 AMFI)	$2,877,009	187	22%	18%
Low Income (50-80 AMFI)	$7,128,053	669	55%	64%
Moderate Income (>80 AMFI)	$2,003,913	31	16%	3%
Total	$12,920,192	1,045		

Percent of Committed Funds, by Income Category, Region 13



Funding and Households Served, by Income Category and Housing Program, Region 13

Activity	SF Bond		HOME		HTF		HTC		MF Bond		Section 8	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Extremely Low Income	$120,000	5	$348,400	6	$132,500	106	$310,317	41	$0	0	$0	0
VeryLow Income	$2,414,200	38	$0	0	$102,500	105	$360,309	44	$0	0	$0	0
Low Income	$4,094,017	51	$254,800	5	$0	0	$2,779,236	613	$0	0	$0	0
Moderate Income	$1,941,489	19	$0	0	$0	0	$62,424	12	$0	0	$0	0
Total	$8,569,706	113	$603,200	11	$235,000	211	$3,512,286	710	$0	0	$0	0

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.

FAIR 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.

For FY 2006, TDHCA had $48,273,334 credits to allocate through the 9% application process. This amount was comprised of the annual volume cap, recaptured credits, additional credits received pursuant to HR 4440 Gulf Opportunity Zone Act of 2005 and $600,447 from the national pool of unused credits from other states. Over the course of the year, the total amount of 9% and 4% credits approved by the Board, including foreward commitments, was: $$77,258,988.00 In July 2006, the TDHCA Board approved 84 applications for 9% HTCs, totaling $54,306,491. Any remaining 2006 credit authority will be allocated to applicants on the 2006 waiting list. Alternately, if the credit balance meets the IRS de minimus requirements, it may be rolled into the 2007 credit ceiling. Under either scenario, TDHCA will be eligible to receive credits from the national pool of unused credits. The 4% awards, which are approved by the Board throughout the year, totaled $22,952,497 for FY 2006. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at www.tdhca.state.tx.us. The following maps display the geographic distribution of the FY 2006 4% and 9% awards.

HTC Distribution Maps here

DISTRIBUTION OF TDHCA HOUSING TAX CREDIT (HTC) AWARDS, 2006

The following charts show the distribution of TDHCA's 4% and 9% HTC awards for 2005. The racial composition of each census tract containing 2005 HTC award units was compared with the racial composition of the county in which the tract is located. In addition, the income level of each census tract receiving an award was compared with the income level of the county in which the tract is located.

Awards were made within the following counties: Atascosa, Bastrop, Bell, Bexar, Bowie, Brazos, Callahan, Cameron, Cherokee, Comal, Cooke, Coryell, Dallas, Deaf Smith, Denton, El Paso, Ellis, Galveston, Harris, Henderson, Hidalgo, Jasper, Jefferson, Jim Wells, Johnson, Kaufman, Lubbock, Montgomery, Nacogdoches, Nueces, Orange, Potter, Reeves, Rockwall, San Patricio, Smith, Tarrant, Tom Green, Travis, Victoria, Walker, Waller, Wharton, Wichita, Wilbarger, Willacy, Williamson, Wilson, Zapata

Methodology

Racial Characteristics

The percentage racial composition was determined according to the standards set by the U.S. Census. Accordingly, "race" is broken down into three subclassifications: White, Black, and Other. "Other" includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. Households assisted through the HTC program have been delineated according to these categories.

After determining which race comprised the largest percentage of the county's population, each census tract was categorized as a "Majority" or "Minority" tract. Majority tracts are those in which the race that comprised the highest percentage of the county population had an equal or greater percentage at the tract level. The "Majority" and "Minority" units in each county were then totaled to determine the percentage distribution. It should be noted that "White" was not always the majority county population. For example, in the San Antonio and El Paso areas, the Hispanic population comprised the majority county population.

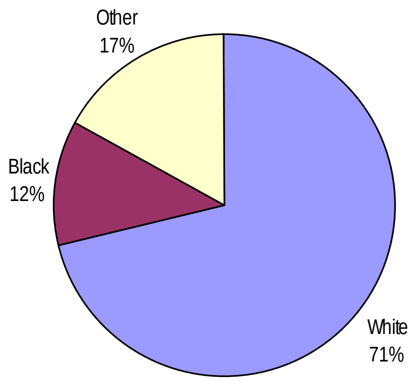
Income Characteristics

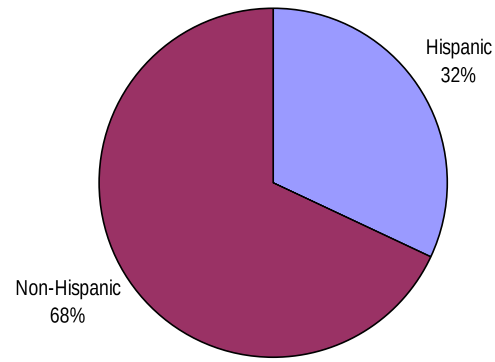
The median family income (MFI) of each tract awarded units was compared with the low income threshold of the county containing those tracts. A county's low income threshold was calculated as 60 percent of the MFI for the county. That is, tracts with an MFI that is less than 60 percent of the county's MFI are considered low income tracts. Tracts with an MFI that is greater than or equal to 60 percent of the county's MFI are considered non-low income tracts.

Racial Composition of the State of Texas

Ethnic Composition of the State of Texas

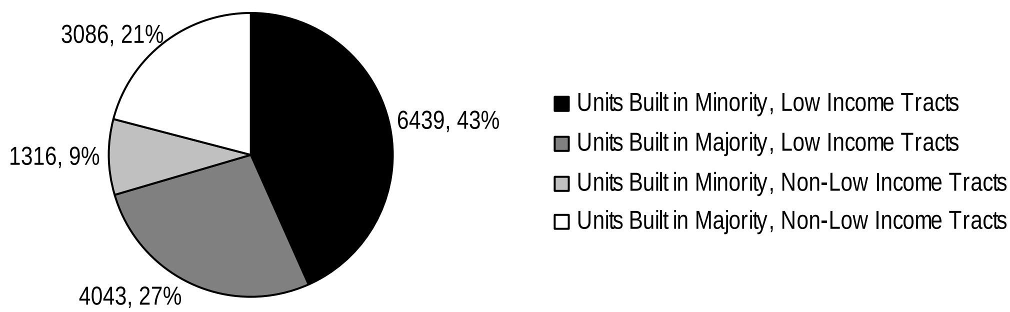
20,851,820 Total Individuals



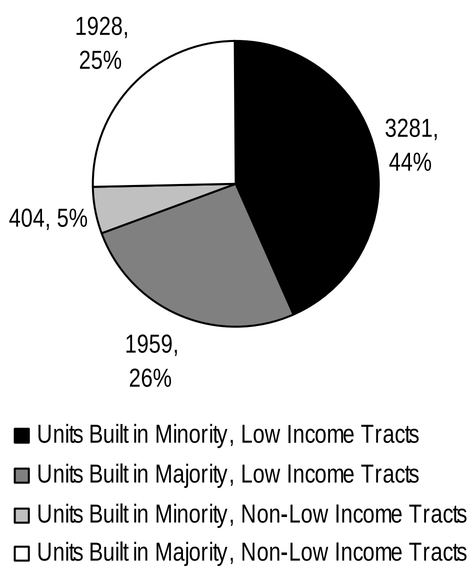


Source: 2000 Census

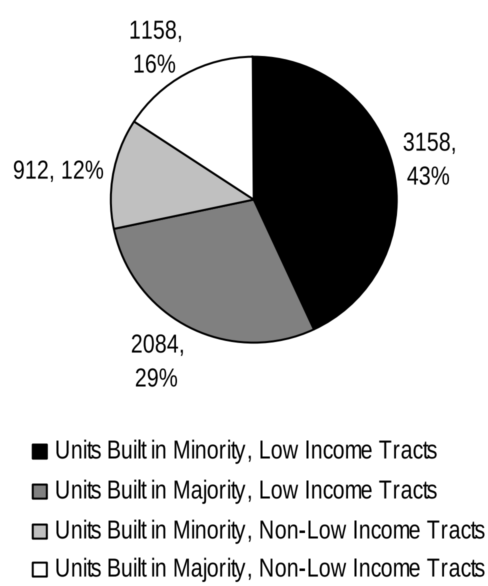
Total 2006 HTC Unit Distribution by Census Tract Racial Characteristics



Total 2006 4% HTC Unit Distribution by Census Tract Racial Characteristics



Total 2006 9% HTC Unit Distribution by Census Tract Racial Characteristics



EFFECT OF THE TWO TIMES PER CAPITA RULE

There are a number of conditions that affect a site's eligibility for HTCs. One of these conditions relates to the previous development of housing tax credits within a place or county as required by §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."*

As of the close of the state fiscal year on August 31, 2006, the following municipalities had more than twice the state average of units per capita supported by housing tax credits or private activity bonds. It should be noted that this list is subject to periodic revisions with changes in the HTC property inventory and in the population estimates used for the per capita calculation.

Alamo
Albany
Alpine
Alto
Anthony
Baird
Bandera
Baytown
Bellville
Big Sandy
Boerne
Bogata
Brackettville
Brownwood
Bryson
Bullard
Burnet
Caldwell
Calvert
Cameron
Carrizo Springs
Cedar Park
Chandler
Cleburne
Cleveland
Clifton
Clint
Coldspring
Commerce
Conroe
Corinth
Cotulla
Crockett
Cross Plains
Dallas
Dayton
De Kalb
Decatur
Denton
DeSoto
Detroit
Dilley
Donna
Dripping Springs
Eastland
Edcouch
Edgewood
Eldorado
Electra
Elgin
Elkhart
Ennis
Euless
Evant
Floresville
Fort Stockton
Fowlerton
Frankston
Fredericksburg
Gainesville
Georgetown
Godley
Goliad
Granbury
Grandview
Grapeland
Greenville
Groveton
Hemphill
Hempstead
Hereford
Hillsboro
Hitchcock
Hondo
Honey Grove
Hubbard
Hughes Springs
Humble
Ingleside
Jacinto City
Jersey Village
Joaquin
Johnson City
Katy
Keene
Kirbyville
La Villa
Laguna Vista
Lancaster
Lexington
Livingston
Llano
Lone Star
Mabank
Madisonville
Marble Falls
Martindale
Mathis
McKinney
Meadows Place
Menard
Mercedes
Mount Vernon
Nacogdoches
Navasota
Normangee
Orange
Orange Grove
Palacios
Palestine
Pearsall
Pflugerville
Pittsburg
Port Arthur
Port Isabel
Port Lavaca
Prairie View
Queen City
Quinlan
Refugio
Rhome
Rockport
Rosenberg
Runge
Rusk
San Augustine
San Marcos
Sanger
Santa Anna
Santa Rosa
Seven Points
Shepherd
Sinton
Somerset
Sonora
Sour Lake
South Houston
Springtown
St. Jo
Sweeny
Tatum
Terrell
Three Rivers
Timpson
Tomball
Troup
Valley View
Venus
Waller
Wallis
Waxahachie
Weatherford
Webster
Willis
Wills Point
Yantis

The table below provides the funding distribution of FY 2006 awards by region. The table shows that there were only minor differences between the 9% HTC RAF target and the actual distribution. The table also reveals the limited geographic distribution of the 4% HTCs.

Region	All HTCs	% of All HTCs	4% HTCs	% of All 4% HTCs	9%HTCs	% of All 9% HTCs	Targeted 9% Dist. Under RAF	Difference between Actual and Targeted
1	$2,654,085	3.3%	$629,797	2.1%	$2,024,288	3.9%	4.7%	-0.8%
2	$1,203,315	1.5%	-	0.0%	$1,203,315	2.3%	2.7%	-0.4%
3	$17,653,106	21.7%	$9,222,033	31.3%	$8,431,073	16.2%	16.4%	-0.2%
4	$2,587,426	3.2%	-	0.0%	$2,587,426	5.0%	5.0%	0.0%
5	$5,714,785	7.0%	-	0.0%	$5,714,785	11.0%	3.5%	7.5%
6	$18,276,776	22.5%	$8,407,130	28.5%	$9,869,646	19.0%	24.2%	-5.2%
7	$6,879,634	8.5%	$3,261,743	11.1%	$3,617,891	7.0%	7.6%	-0.6%
8	$3,785,088	4.7%	$759,591	2.6%	$3,025,497	5.8%	6.1%	-0.3%
9	$8,229,736	10.1%	$5,164,972	17.5%	$3,064,764	5.9%	5.8%	0.1%
10	$3,734,493	4.6%	$1,512,904	5.1%	$2,221,589	4.3%	4.1%	0.2%
11	$5,672,006	7.0%	-	0.0%	$5,672,006	10.9%	12.1%	-1.2%
12	$1,459,808	1.8%	-	0.0%	$1,459,808	2.8%	2.9%	-0.1%
13	$3,512,286	4.3%	$489,934	1.7%	$3,022,352	5.8%	4.8%	1.0%
Total	$81,362,544	100.0%	$29,448,104	100.0%	$51,914,440	100.0%	100.0%	-0.8%

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.

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[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.

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

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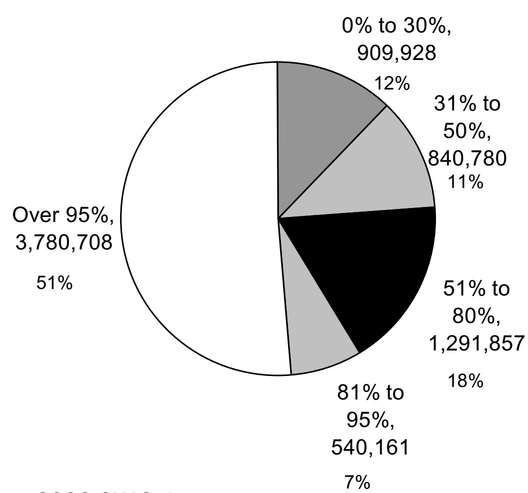
[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes 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*.

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

Households by Income Group in Texas, 2000



Source: 2000 CHAS data

The chart above 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.

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.

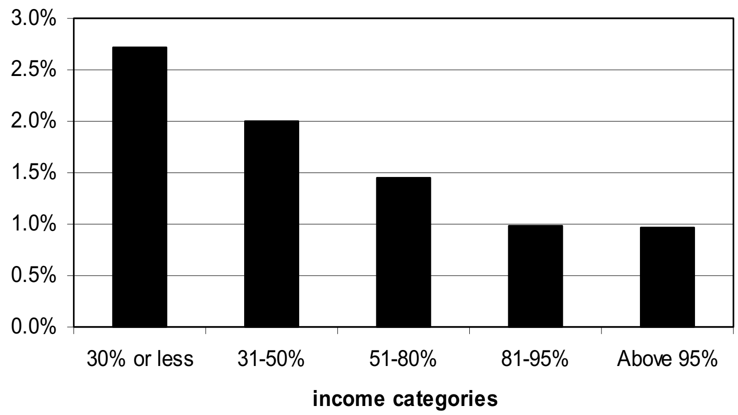
Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	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.

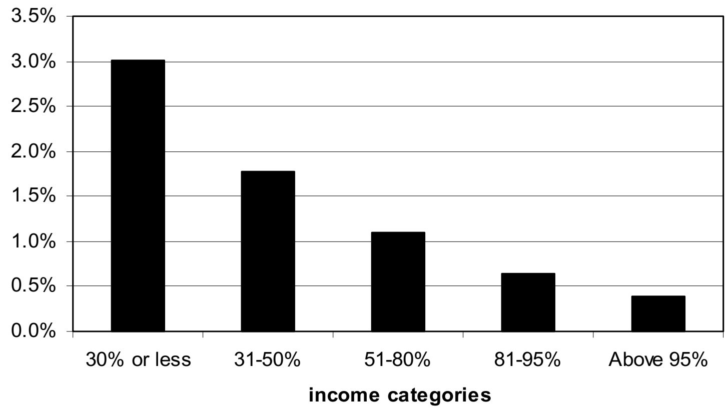
Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



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.

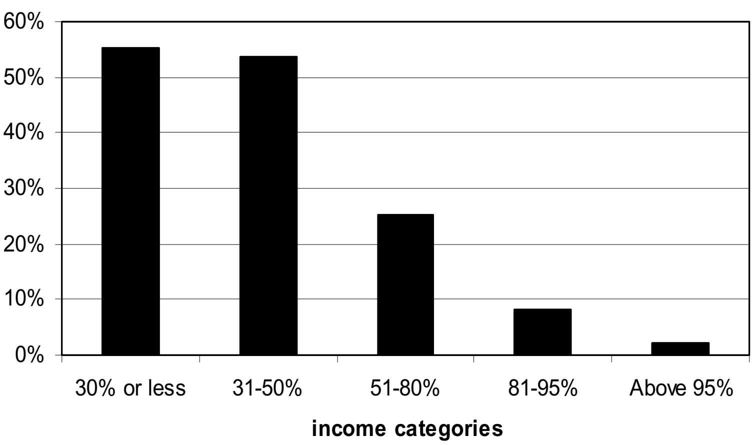
Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent



Source: 2000 CHAS data

<u>Excess Housing Cost Burden</u>
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.

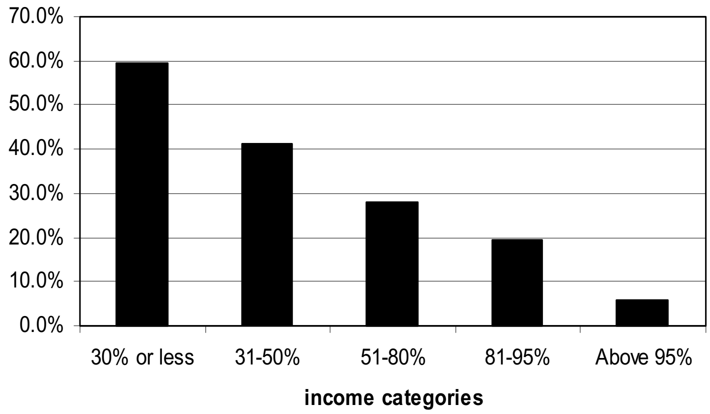
Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



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.

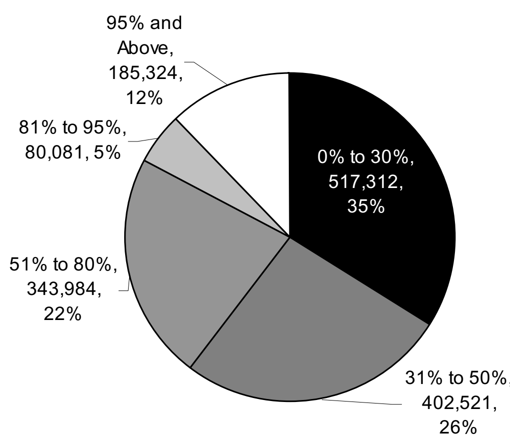
Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

The chart below shows the total number and percentage of households with excess housing cost burden by income group.

Excess Housing Cost Burden by Income Group, 2000



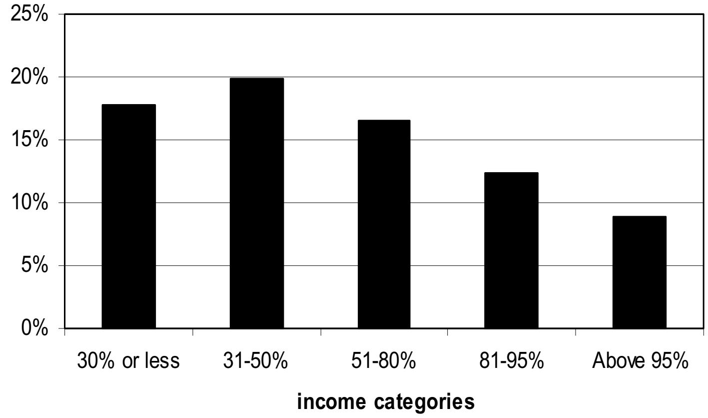
Source: 2000 CHAS Data

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.

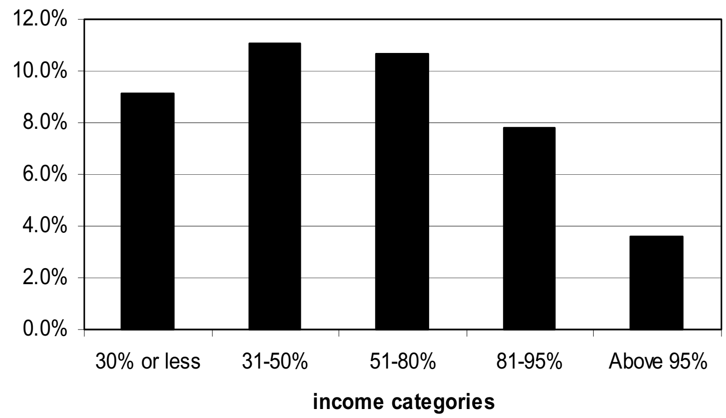
Renter Households with Incidence of Overcrowding by percent



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.

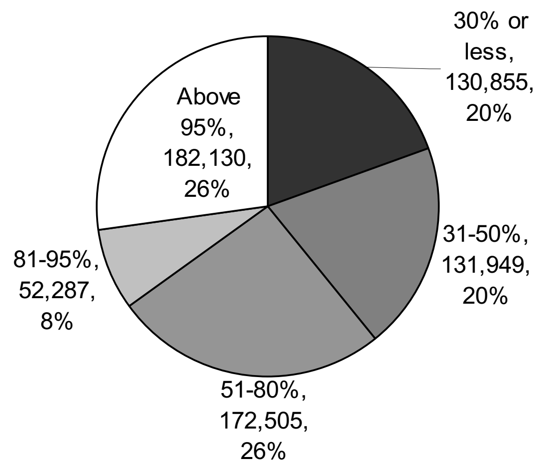
Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

The chart below shows the total incidence of overcrowded households by income group.

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.

The table below 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.

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.

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.

State Assisted Multifamily Units

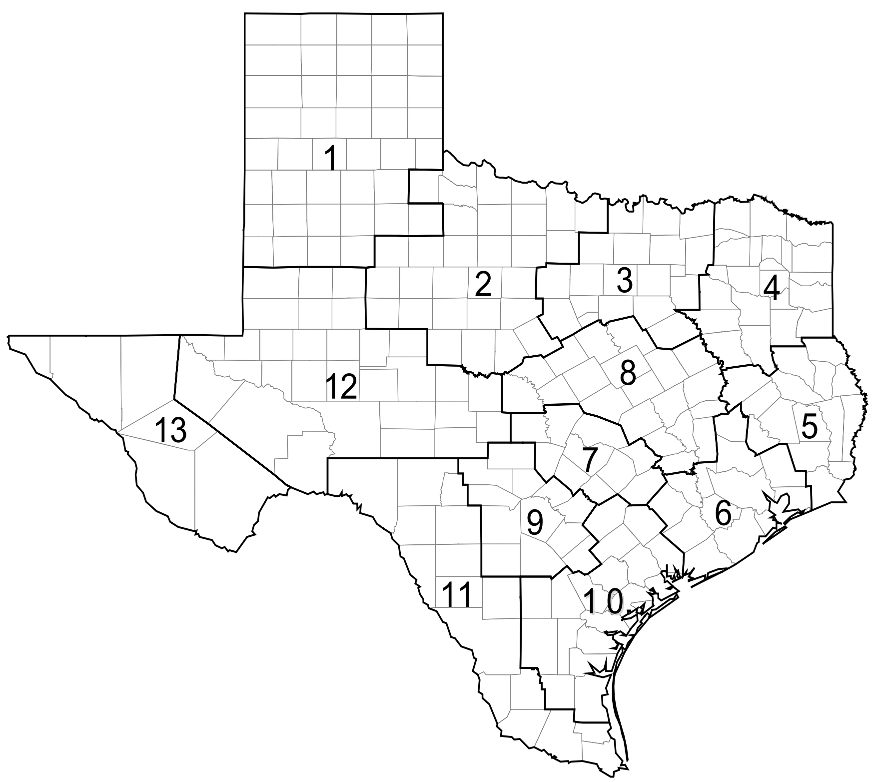
	State Total	Percent of State Inventory
TDHCA Units	170,766	38.1 %
HUD Units	57,372	12.8%
PHA Units	59,431	13.3%
Section 8 Vouchers	133,944	29.9%
USDA Units	26,183	5.8%
HFC Units*	93,176	N/A
Total	447,696	100%

*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.

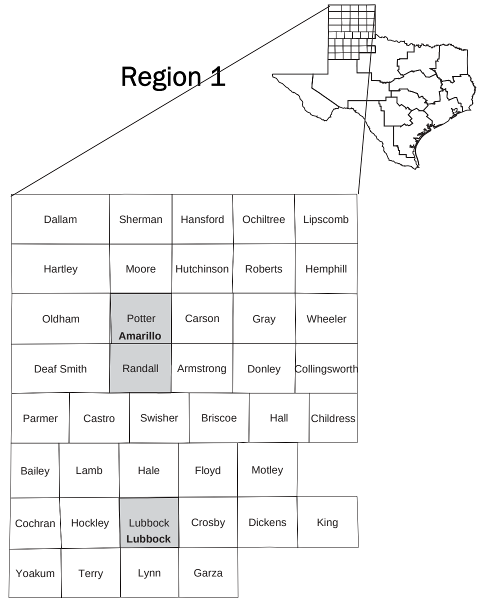
Map of the Uniform State Service Regions



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.



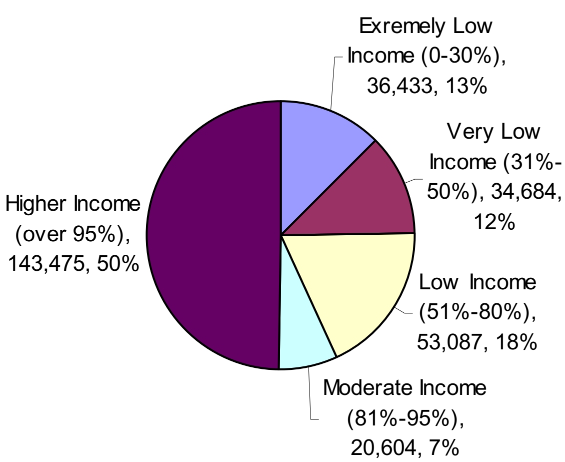
Region 1 Population Figures

	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.

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 $116,700 and $100,500, 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

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

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.

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.

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.

[10] Texas Interagency Council for the Homeless, "Key Facts."
[11] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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.

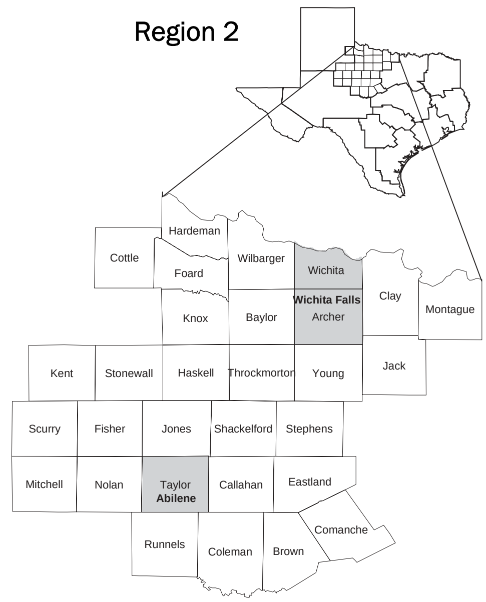
TDHCA Assistance for 2007

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 9 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program’s Funding
HOME	$2,096,376	6.1%
Housing Tax Credit	$2,096,099	4.9%
Housing Trust Fund	TBD	4.9%
Total	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.

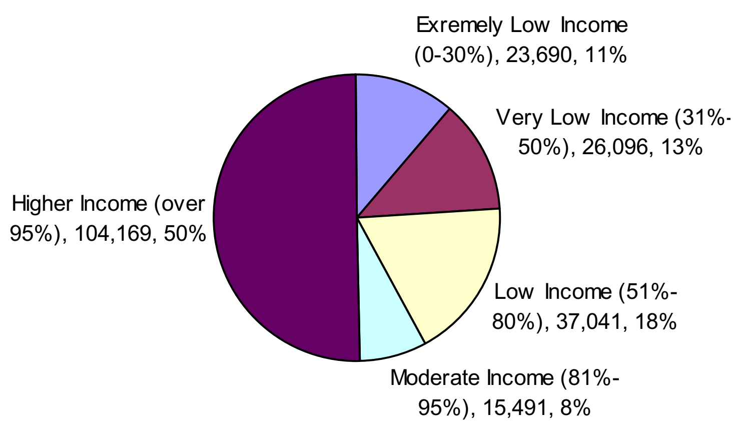
Region 2 Population Figures

	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.

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 $97,700 and $100,900, 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

[12] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 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.

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.

[14] Real Estate Center at Texas A&M University, “Texas County Building Permit Activity,” http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 2 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,564,996	4.5%
Housing Tax Credit	$1,251,525	2.9%
Housing Trust Fund	TBD	2.9%
Total	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.

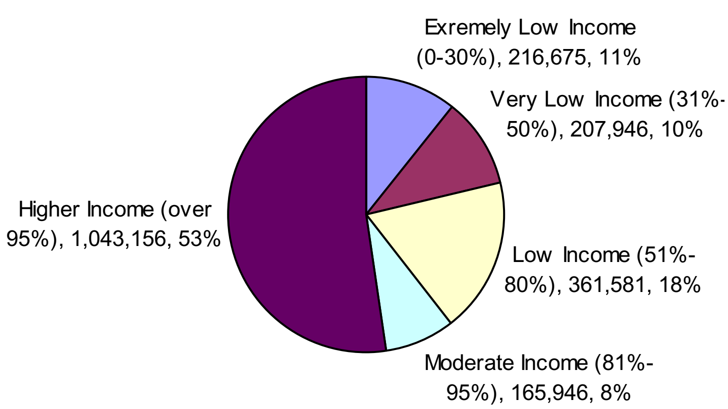
Region 3 Population Figures

	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.

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 $193,100, while the lowest is in Sherman-Denison at $99,100.[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.

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 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,[16] but figures vary. According to the 2000 Census, there are 6,548 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

HOUSING SUPPLY

According to 2000 Census data, of the 2,140,641 housing units in the region, 2,004,826 are occupied, which is a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes, boats, and RVs. Approximately 60.9 percent are owner occupied and 39.1 percent are occupied by renters.

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.

[16] Texas Interagency Council for the Homeless, "Key Facts."
[17] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 3 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program’s Funding
HOME	$6,158,445	17.8%
Housing Tax Credit	$8,598,298	20.0%
Housing Trust Fund	TBD	20.0%
Total	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.

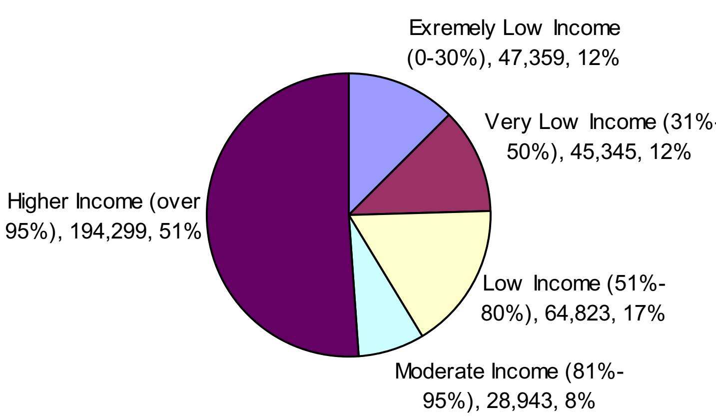
Region 4 Population Figures

	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.

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 $131,900 and $113,100, 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 October 31, 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.

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.

[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).

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

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.

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

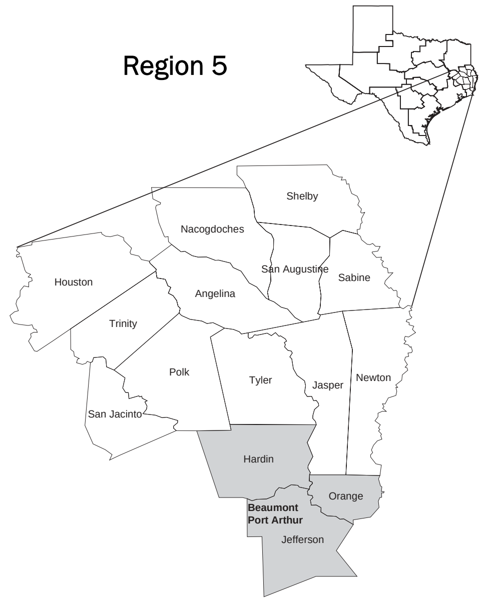
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 4 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$4,209,442	12.1%
Housing Tax Credit	$2,286,522	5.3%
Housing Trust Fund	TBD	5.3%
Total	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.



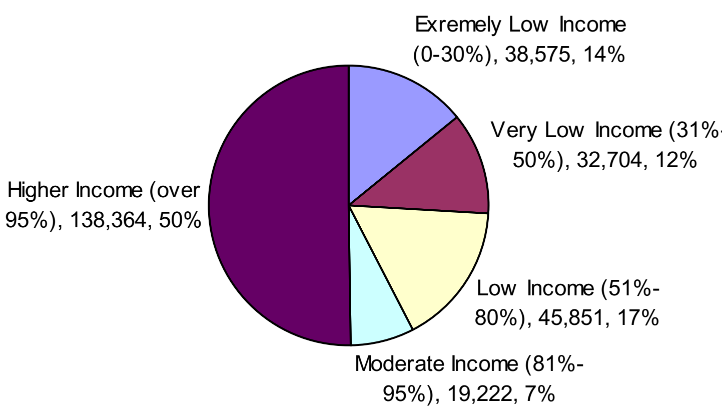
Region 5 Population Figures

	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.

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 $113,200 and $89,500, 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 200,000 homeless individuals in Texas,[22] but figures vary. According to the 2000 Census, there are 672

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

[22] Texas Interagency Council for the Homeless, "Key Facts."

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.

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.

[23] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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

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.

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.

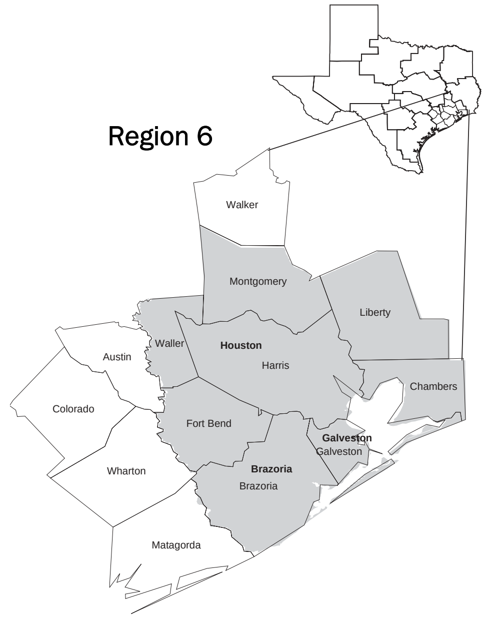
TDHCA Assistance for 2007

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 5 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,087,440	6.0%
Housing Tax Credit	$1,365,191	3.2%
Housing Trust Fund	TBD	3.2%
Total	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.

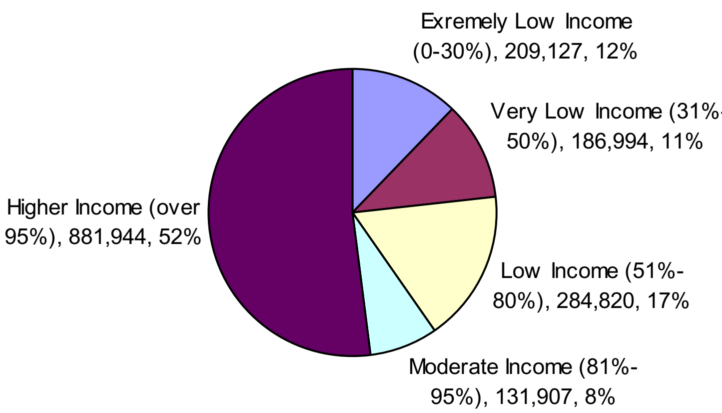
Region 6 Population Figures

	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.

Region 6 Household Income



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 $148,800 and $173,800, 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 7,792 people in noninstitutional group homes, which include shelters, in the region. In its special

[24] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).
[25] Texas Interagency Council for the Homeless, "Key Facts."

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.

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.

[26] Real Estate Center at Texas A&M University, “Texas County Building Permit Activity,” http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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.

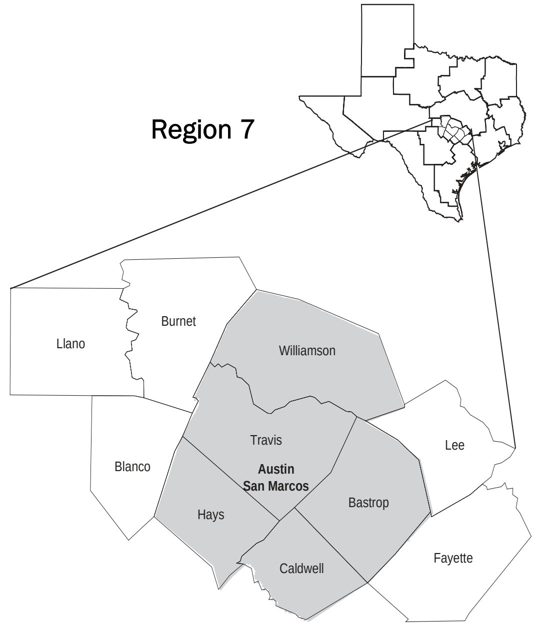
TDHCA ASSISTANCE FOR 2007

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 6 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,390,795	6.9%
Housing Tax Credit	$10,182,859	23.7%
Housing Trust Fund	TBD	23.7%
Total	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.

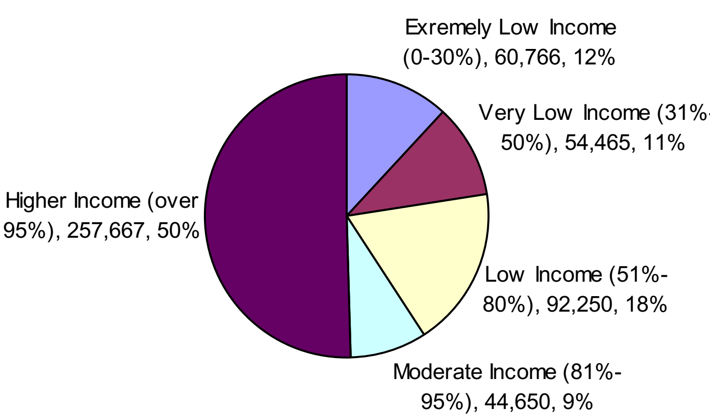
Region 7 Population Figures

	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.

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 $171,500.[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 October 31, 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.

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.

[29] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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

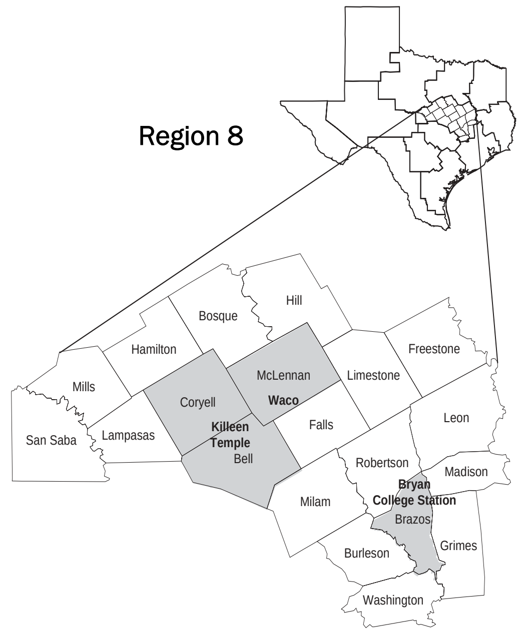
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 7 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,432,347	4.1%
Housing Tax Credit	$1,919,458	4.5%
Housing Trust Fund	TBD	4.5%
Total	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.



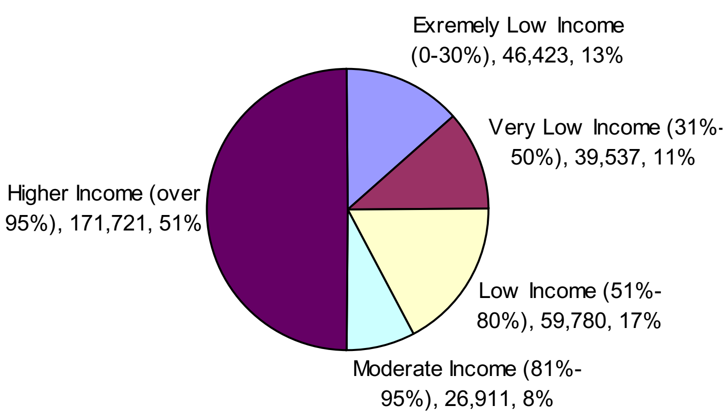
Region 8 Population Figures

	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.

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 price for Bryan-College Station as $134,500.[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 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

[30] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).
[31] Texas Interagency Council for the Homeless, "Key Facts."

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.

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.

[32] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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

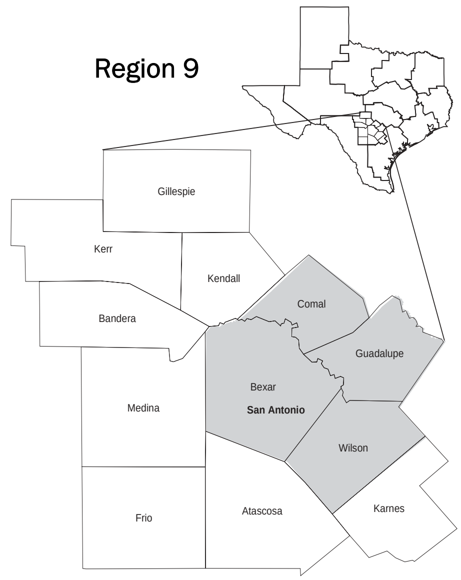
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 8 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$1,163,474	3.4%
Housing Tax Credit	$2,358,376	5.5%
Housing Trust Fund	TBD	5.5%
Total	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.



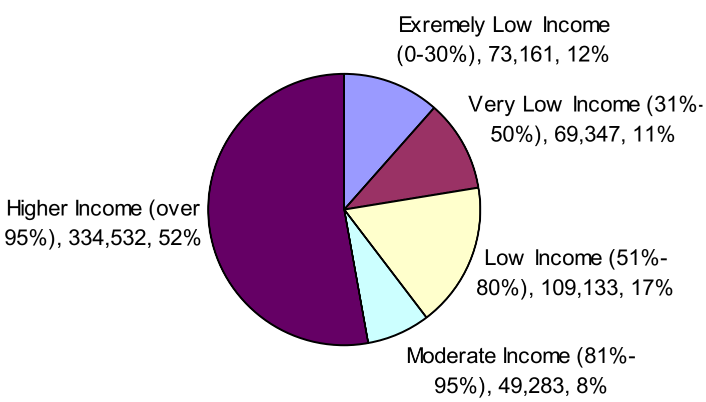
Region 9 Population Figures

	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.

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 $139,500.[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

[33] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).
[34] Texas Interagency Council for the Homeless, "Key Facts."

2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

HOUSING SUPPLY

According to 2000 Census data, of the 689,862 housing units in the region, 636,796 are occupied, which is a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one unit; 22 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 65.0 percent are owner occupied and 35.0 percent are occupied by renters.

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.

[35] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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.

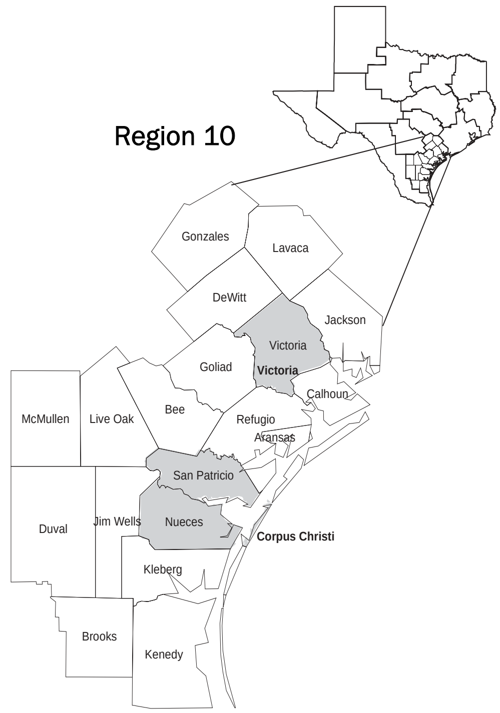
TDHCA Assistance for 2007

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 9 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Total Program Funding
HOME	$1,941,552	5.6%
Housing Tax Credit	$2,448,901	5.7%
Housing Trust Fund	TBD	5.7%
Total	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.

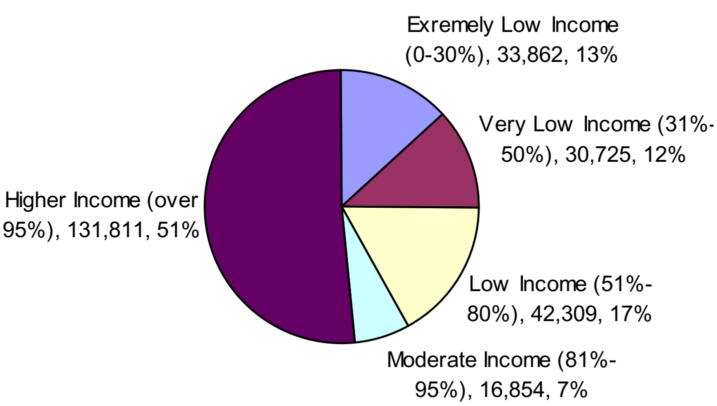
Region 10 Population Figures

	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.

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 $131,100.[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

[36] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

200,000 homeless individuals in Texas,37 but figures vary. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

Housing Supply

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; 10 percent are mobile homes; and the rest are boats and RVs. Approximately 66.8 percent are owner occupied and 33.2 percent are occupied by renters.

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.

[37] Texas Interagency Council for the Homeless, "Key Facts."
[38] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 10 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	$2,538,461	7.3%
Housing Tax Credit	$1,575,474	3.7%
Housing Trust Fund	TBD	3.7%
Total	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.

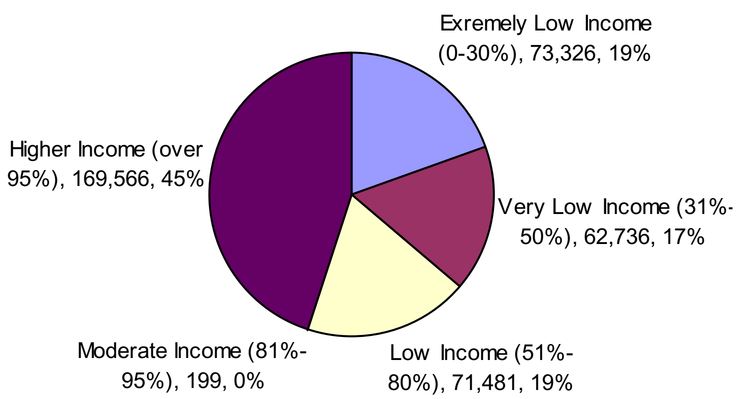
Region 11 Population Figures

	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.

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 $110,400 and McAllen as $109,700.[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 October 31, 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.

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.

[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).

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

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.

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

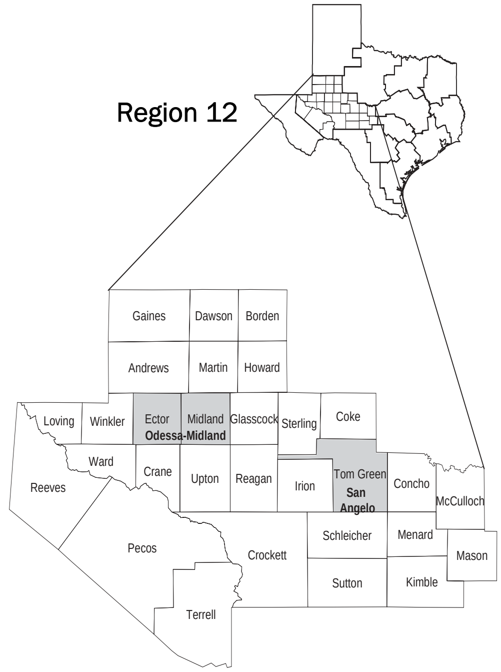
Based on allocation formulas for the programs listed below, TDHCA can estimate the amount of 2007 funding that will be allocated to the region. Please see "TDHCA Allocation Plans" in the Action Plan section for more information on the formulas. Not all TDHCA programs and funding are included; some TDHCA programs and certain program set-asides are not allocated regionally. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 11 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Housing Trust Fund	TBD	TBD
Total	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.



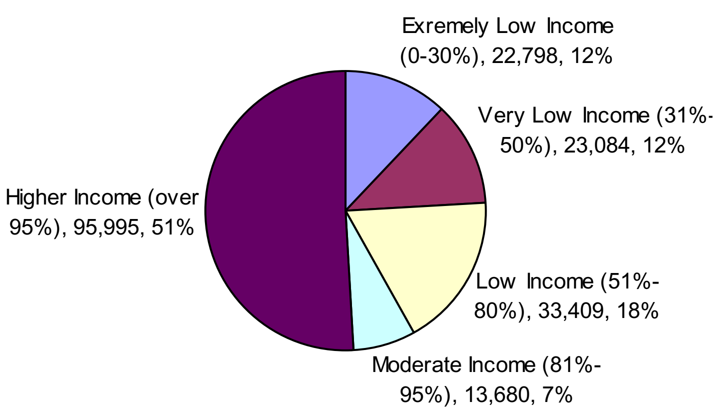
Region 12 Population Figures

	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.

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 $104,200.[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

[43] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).
[44] Texas Interagency Council for the Homeless, "Key Facts."

people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

HOUSING SUPPLY

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which is an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one unit; 16 percent are over two units; 12 percent are mobile homes; and the rest are boats and RVs. Approximately 70.1 percent are owner occupied and 29.9 percent are occupied by renters.

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.

[45] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 12 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Program's Funding
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Housing Trust Fund	TBD	TBD
Total	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.

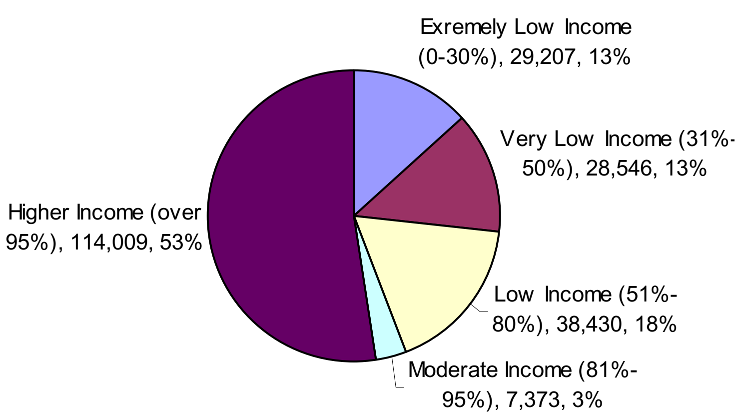
Region 13 Population Figures

	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.

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 $125,700.[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

[46] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed October 31, 2006).

200,000 homeless individuals in Texas,47 but figures vary. According to the 2000 Census, there are 1,022 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

HOUSING SUPPLY

According to 2000 Census data, of the 236,572 housing units in the region, 219,261 are occupied, which is a 92.7percent occupancy rate. Of the total housing stock, 68 percent are one unit; 23 percent are over two units; 8 percent are mobile homes; and the rest are boats and RVs. Approximately 63.8 percent are owner occupied and 36.2 percent are occupied by renters.

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.

[47] Texas Interagency Council for the Homeless, "Key Facts."
[48] Real Estate Center at Texas A&M University, "Texas County Building Permit Activity," http://recenter.tamu.edu/data/bpc/ (accessed August 7, 2006).

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

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.

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. Additionally, because the region system that organizes community service contractors is different from the 13 regions used for other TDHCA planning purposes, community affairs programs are not included here. See the applicable section of the Annual Report for region information on the Community Services Block Grant, Emergency Shelter Grant, Comprehensive Energy Assistance, and Weatherization Assistance Programs.

Region 13 Projected 2007 TDHCA Funding by Housing Program

Program	2007 Funding	Percent of Total Program Funding
HOME	TBD	TBD
Housing Tax Credit	TBD	TBD
Housing Trust Fund	TBD	TBD
Total	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.

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.

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

The table below provides information on the income breakdowns of households in each region.

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.

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 74.7%	30,163 9.4%	20,997 6.5%	29,683 9.2%	784 0.2%
2	243,506	186,932 76.8%	21,599 8.9%	7,974 3.3%	25,365 10.4%	1,636 0.7%
3	2,140,641	1,373,780 64.2%	385,269 18.0%	259,402 12.1%	118,078 5.5%	4,112 0.2%
4	434,792	307,802 70.8%	32,153 7.4%	13,754 3.2%	78,312 18.0%	2,771 0.6%
5	325,047	225,213 69.3%	23,868 7.3%	12,709 3.9%	60,328 18.6%	2,929 0.9%
6	1,853,854	1,175,460 63.4%	265,188 14.3%	293,889 15.9%	115,535 6.2%	3,782 0.2%
7	545,761	339,272 62.2%	96,402 17.7%	66,390 12.2%	41,991 7.7%	1,706 0.3%
8	387,627	259,909 67.1%	58,646 15.1%	19,960 5.1%	47,492 12.3%	1,620 0.4%
9	689,862	476,751 69.1%	101,504 14.7%	52,139 7.6%	57,339 8.3%	2,129 0.3%
10	298,494	212,067 71.0%	36,198 12.1%	17,165 5.8%	30,936 10.4%	2,128 0.7%
11	457,406	303,046 66.3%	45,937 10.0%	18,112 4.0%	80,947 17.7%	9,364 2.0%
12	221,968	159,092 71.7%	21,931 9.9%	13,796 6.2%	26,240 11.8%	909 0.4%
13	236,572	161,168 68.1%	32,741 13.8%	22,814 9.6%	19,406 8.2%	443 0.2%
State	8,157,575	5,420,910 66.5%	1,151,599 14.1%	819,101 10.0%	731,652 9.0%	34,313 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.

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.

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	824	1.9%	2,375	1.4%	3,199	1.5%
2	376	0.8%	659	0.4%	1,035	0.5%
3	10,924	24.6%	50,307	30.3%	61,231	29.1%
4	94	0.2%	1,602	1.0%	1,696	0.8%
5	398	0.9%	878	0.5%	1,276	0.6%
6	11,118	25.0%	51,525	31.0%	62,643	29.7%
7	6,091	13.7%	18,113	10.9%	24,204	11.5%
8	2,054	4.6%	5,399	3.2%	7,453	3.5%
9	7,663	17.2%	14,901	9.0%	22,564	10.7%
10	551	1.2%	2,547	1.5%	3,098	1.5%
11	3,089	7.0%	12,171	7.3%	15,260	7.2%
12	179	0.4%	922	0.6%	1,101	0.5%
13	1,074	2.4%	4,886	2.9%	5,960	2.8%
State	44,435	100.0%	166,285	100.0%	210,720	100.0%

Source: Real Estate Center at Texas A&M University

NEED INDICATORS

The chart below 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.

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.

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

The table below 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.

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

The table below 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.

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

The table below 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.

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

The table below shows that Region 6 has the highest number of overcrowded owner households.

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.

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	% 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.

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 this table. Community Affairs programs are also not included here because they are not allocated by the same 13 region system as other TDHCA programs. Projected dollar amounts for the Housing Trust Fund, while distributed according to a regional allocation formula like the HOME and HTC programs, were not available at the time of this document's publication.

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.

Projected 2007 Regional Funding by Housing Program

Region	HOME	HTC	Total HOME & HTC Funding Allocation
1	$2,096,376	$2,096,099	$4,192,475
2	$1,564,996	$1,251,525	$2,816,521
3	$6,158,445	$8,598,298	$14,756,743
4	$4,209,442	$2,286,522	$6,495,964
5	$2,087,440	$1,365,191	$3,452,631
6	$2,390,795	$10,182,859	$12,573,654
7	$1,432,347	$1,919,458	$3,351,805
8	$1,163,474	$2,358,376	$3,521,850
9	$1,941,552	$2,448,901	$4,390,453
10	$2,538,461	$1,575,474	$4,113,935
11	$6,245,987	$5,600,674	$11,846,661
12	$1,871,449	$1,300,187	$3,171,636
13	$949,236	$2,016,435	$2,965,671
State	$2,096,376	$2,096,099	$4,192,475

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.

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

With the exception of most of its community services ~~assistance~~programs, TDHCA's funding resources are awarded through formal, competitive processes. As such, funding is distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance related funding is awarded through formal competitive request for proposals and notices of funding availability.
- First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- Community services funds are predominantly allocated through a network of community based organizations who receive their funding on an annual, ongoing basis.

Because TDHCA does 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.
- *Interagency Housing Partnership of the Texas Mental Health Transformation Workgroup*. The Department is working with the Texas Department of Aging and Disability Services, the Texas Department of Assisted Rehabilitative Services, the Health and Human Services Commission, the Texas Department of Criminal Justice, the Texas Department of Family Protective Services, and several veterans affairs agencies to conduct a comprehensive study of existing housing programs and

their delivery mechanisms, while focusing on any regulatory facets of policy which create barriers and may even make certain populations ineligible to benefit from various housing opportunities.

- *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 and is contracted with the Department to provide some asset management services.
- *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,[49] 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.

[49] 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.

Special Needs Populations

According to HUD, 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.

TDHCA Strategies for Meeting the Needs of Persons with Special Needs

As further described in the "TDHCA goals and objectives" section of this plan, the following general research and policy goals are designed to help address housing and service issues 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.*
> >
> > *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."*

The following sections describe each type of special need and actions taken by TDHCA to try to address specific issues the different special needs groups.

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.[50] Based on this estimate, TDHCA estimates that, of 3,159,940 total people living in rural areas, 1 percent of the rural population, approximately 32,000, are homeless. The 2000 Census counted 28,377 individuals residing in noninstitutional group homes in Texas, which include shelters. In its special tabulation on emergency and transitional shelters in metropolitan areas, the Census counted 6,237 people.

As evidenced above, estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness, and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless counts are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: literally homeless, which describes those who have no permanent residence and stay in shelters or public places; marginally homeless, which includes those who live temporarily with other people and have no prospects for housing; and people at risk of homelessness. People at risk of homelessness generally have incomes below the poverty level, rely on utility and rental assistance, and may be unable to absorb unexpected events such as the loss of a job or serious illness.

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.[51]

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[50] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed July 28, 2006).

[51] 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).

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.[52] Additionally, single mothers and children make up the largest group of people who are homeless in rural areas.[53] Approximately 90 percent of homeless families are homeless due to a crisis.[54] 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.[55] 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 American, and 1 percent was Asian.[56] 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 farm workers and Native Americans are also generally found in rural areas.[57] Migrant farm workers, 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.[58]

In 2004, there were 182,087 reported family violence incidents in Texas.[59] According to a TCFV statewide poll, 47 percent of all Texans report having experienced some form of domestic violence. In 2004, the

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[52] 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).
[53] National Coalition for the Homeless, *Who is Homeless?*
[54] Texas Homeless Network, "Finding the Way Home: Preventing and Reducing Homelessness in Texas," http://www.utdanacenter.org/theo/downloads/factsheets/rp2_finding_way_home.pdf (accessed July 28, 2006).
[55] Texas Homeless Network, "Finding the Way Home."
[56] National Coalition for the Homeless, *Who is Homeless?*
[57] National Coalition for the Homeless, *Who is Homeless?*
[58] National Coalition for the Homeless, *Who is Homeless?*
[59] Texas Council on Family Violence, "Abuse in Texas," http://www.tcfv.org/info/abuse_in_texas.html (accessed August 9, 2006).

Family Violence Program though the Texas Health and Human Services Commission served 83,349 adults and children and provided 948,610 direct services.[60] 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.[61] 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.[62]

Homeless Veterans

According to the Department of Veteran's Affairs[63] approximately, on any given day, as many as 250,000 veterans are living in shelters or on the street. Of the veterans who are homeless, approximately 56 percent are African American or Hispanic, 45 percent suffer from mental illness, and 70 percent suffer from alcohol or drug abuse problems.

Chronically Homeless Persons

According to the Texas Homeless Network, 27 percent of single homeless adults are chronically homeless, meaning that these persons have been homeless for an average of four years.[64] 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.[65] 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.[66] The Texas Department of State Health Services (DSHS) reports that, of adult clients admitted

[60] 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).
[61] Texas Interagency Council for the Homeless, "Key Facts."
[62] National Coalition for the Homeless, *Who is Homeless?*
[63] US Department of Veterans Affairs, "Overview of Homelessness," (February 2006) http://www1.va.gov/homeless/page.cfm?pg=1 (accessed July 28, 2006).
[64] Texas Homeless Network, "Finding the Way Home."
[65] 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).
[66] National Coalition for the Homeless, *Who is Homeless?*

to DSHS-funded programs in 2004, 11 percent were homeless and the average income at admission was $5,715.67 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.

Specific Strategies for Meeting Homeless Needs

In order to meet the needs of homeless populations, TDHCA uses the following strategies.

Strategic Plan Goal

As further described in the "TDHCA Goals and Objectives" section of this plan, The following goal and associated strategy is aimed at reaching the homeless populations. Refer to the "Program Statements" in this section for more information on the Emergency Shelter Grants Program, which is TDHCA's main homelessness assistance program, and other related programs.

> *GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.*
>
> > *3.1 Strategy: Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.*

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;

[67] Texas Department of State Health Services, "Texas Statewide Totals," http://www.tcada.state.tx.us/research/statistics/statetotals.shtml (accessed July 28, 2006).

- 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 1.1Improve data
- Strategy 1.2Increase 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 2.4Develop 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 3.2Increase prioritization and targeting of persons experiencing chronic homelessness within mainstream services
- Strategy 3.3Advocate for a uniform eligibility process
- Strategy 3.4Increase 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.[68] According to the HUD definition of

[68] 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,

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 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.

Specific Strategies for Meeting the Needs of Persons with Disabilities

In order to meet the needs of persons with disabilities TDHCA uses the following strategies.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates, and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a “working group” format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA will work to maintain a “Disability Advisory Workgroup” which will provide ongoing guidance to the Executive Director on how TDHCA’s programs can most effectively serve persons with disabilities.

Promoting Independence Advisory Committee

http://www.c-c-d.org/pricedout04.pdf (accessed July 28, 2006).

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

As further described in the "TDHCA Goals and Objectives" section of this plan, the HOME program has two specific funding strategies that directly serve persons with disabilities.

> *"**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…*
>
> > ***9.5 Strategy:** Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
> >
> > ***9.6 Strategy:** Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

As established in Section 2306.111(c) of the Texas Government Code shown below and subject to the submission of qualified applications, up to 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities in HUD Participating Jurisdictions.

> *"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 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 who live in areas other than non-participating areas."*

The "participating areas" described above are typically referred to as "Participating Jurisdictions (PJ)." PJs are large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

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 (in non-PJs) 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.

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.

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.[69] 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.[70]

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.[71] 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

[69] 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).
[70] Texas Department on Aging, *Texas Demographics: Older Adults in Texas*, ix-x.
[71] 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).

households pay more than 30 percent of their income on housing, while 14 percent pay more than 50 percent of their income on housing.[72]

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.[73] In 2003, of all elderly households nationwide, 73 percent owned their own homes free and clear.[74] 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.[75] 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 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 $1,332,477,707.76 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.

[72] 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).
[73] 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).
[74] US Department of Health and Human Services, *A Profile on Older Americans: 2005*, 11.
[75] US Department of Health and Human Services, *A Profile on Older Americans: 2005*, 11.
[76] Texas Department of Human Services, *2003 Annual Report*, 103.

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.[77] 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.[78] 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.[79] 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.

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.[80]

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[77] 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).
[78] 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).
[79]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).
[80] HUD, "Public Housing Agency (HA) Profiles" http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed October 30, 2004).

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
>
> - 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.[81] The Texas Office of the Comptroller estimates that median annual incomes for colonia residents range from $7,000 to $11,000.[82] 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.[83]

[81] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).
[82] 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).
[83] Texas Secretary of State, "Colonia FAQ's."

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.[84] The US Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[85] 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.[86] The median annual income for individual workers was less than $7,500 and migrant families earned less than $10,000. Sixty percent of workers held only one farm job, which lasted only 24 weeks out of the year. Despite the short employment duration and low incomes, only 20 percent of workers received unemployment benefits and 10 percent received Medicaid or food stamps.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[87] 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.

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[84] 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).

[85] US Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.

[86]US Department of Labor, Office of the Assistance Secretary for Policy, and Aguirre International, *Findings from the National Agricultural Workers Survey (NAWS) 1997-1998: A Demographic and Employment Profile of United States Farmworkers,* by Kala Mehta et al. (Washington, DC: US Department of Labor, March 2000), vii, http://www.dol.gov/asp/programs/agworker/report_8.pdf (accessed August 9, 2006).

[87] 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).

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.[88]

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.

With the exception of up to 5 percent of the annual HOME Program allocation which shall be allocated for applicants serving persons with disabilities in HUD Participating Jurisdictions (as required by Section 2306.111(c) of the Texas Government Code), the TDHCA HOME funds primarily serve persons in rural areas. Participating jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD. Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of Strategies 9.5 and 9.6, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ.

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.

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

[88] HUD, "Estimated Median Family Incomes for FY 2006," http://www.huduser.org/datasets/il/il06/MedianNotice_2006.pdf (accessed July 28, 2006).

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.[89]

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

[89] National Safety Council, "Lead Poisoning," (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

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 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–PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if the funding serves persons with disabilities

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.

2007 HOME Program Funding

TDHCA will use the following method for allocating funds.

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10%
CHDO Project Funds Set Aside (15% of PY 2007) [1, 2]	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) [1]	$300,000	1%
State Mandated Funds for Contract for Deed Conversions[1]	$2,000,000	5%
Housing Program for Persons with Disabilities	$4,000,000	10%
Rental Housing Preservation Program	$2,000,000	5%
Rental Housing Development Program	$3,000,000	8%
General Funds for Single Family Activities	$18,700,000	47%
Total PY 2007 HOME Allocation	$40,000,000	100%
PY 2007 American Dream Downpayment Initiative (ADDI) Funds	$650,000	
Total Estimated Funding Available for Distribution	$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 General Funds for Single Family Activities and ADDI funds.

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$2,902,500	15%
Owner Occupied Housing Assistance	$13,545,000	70%
Tenant Based Rental Assistance	$2,902,500	15%
Total Estimated Funding Available for Distribution	19,350,000	100%

Description of Activities

Owner-Occupied Housing Assistance (OCC)

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. 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.

The available funding for this activity is approximately $13.5 million, which may only be used in Non-PJs. This amount does not include the Housing Program for Persons with Disabilities OCC funding issued under a separate NOFA.

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.

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. This amount does not include the TBRA Housing Program for Persons with Disabilities TBRA funding issued under a separate NOFA.

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.

The available funding for this activity is approximately $2.9 million, which may only be used in Non-PJs. PY 2007 ADDI funds are included in this amount. This amount does not include the Housing Program for Persons with Disabilities HBA funding issued under a separate NOFA.

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.

The available funding for this activity is approximately $3 million, which may only be used in Non-PJs.

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.

The available funding for this activity is approximately $2 million, which may only be used in Non-PJs.

Special Mandates, Programs, and Initiatives

TDHCA will direct its remaining HOME funding to address federal and state legislative requirements or departmental program objectives as follows.

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.

The ADDI funding, approximately $650,000, is reserved for down payment assistance in non-PJs. ADDI funding 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.

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. These funds may only be used in non-PJs.

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 help TDHCA meet this mandate, $2,000,000 of PY 2007

HOME Program funds will be targeted to assist households described under this initiative. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

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 may only be used in non-PJs.

These funds are a State mandated set-aside and account for less than 10 percent of the funding available for allocation, therefore, they are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Persons with Disabilities

Up to $4 million of directed assistance for persons with disabilities will be issued under separate NOFAs. The funds will be awarded through competitive application processes. These NOFAs will include directed funds for TBRA, HBA and OCC activities as described in the following strategies.

> *"9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
>
> *9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications may serve both PJ and non-PJ areas. The amount of funding that can be utilized for this purpose in PJ areas cannot exceed the associated 5 percent cap of approximately $2 million

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.

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

All HOME funding awards under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according the established Regional Allocation Formula. The 2007 RAF distributes funding for the following activities:

- Housing Program for Persons with Disabilities,
- Rental Housing Preservation Program,
- Rental Housing Development Program,
- Single Family Activity Program, and
- PY 2007 ADDI Funds.

The table below shows the combined regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,376	6.1%	$2,096,004	100.0%	$372	0.0%
2	Abilene	$1,564,996	4.5%	$1,528,397	97.7%	$36,599	2.3%

3	Dallas/Fort Worth	$6,158,445	17.8%	$1,697,219	27.6%	$4,461,226	72.4%
4	Tyler	$4,209,442	12.1%	$3,709,160	88.1%	$500,282	11.9%
5	Beaumont	$2,087,440	6.0%	$1,771,480	84.9%	$315,960	15.1%
6	Houston	$2,390,795	6.9%	$1,076,716	45.0%	$1,314,079	55.0%
7	Austin/Round Rock	$1,432,347	4.1%	$781,108	54.5%	$651,239	45.5%
8	Waco	$1,163,474	3.4%	$717,572	61.7%	$445,901	38.3%
9	San Antonio	$1,941,552	5.6%	$1,507,178	77.6%	$434,374	22.4%
10	Corpus Christi	$2,538,461	7.3%	$2,071,417	81.6%	$467,044	18.4%
11	Brownsville/Harlingen	$6,245,987	18.0%	$4,111,167	65.8%	$2,134,820	34.2%
12	San Angelo	$1,871,449	5.4%	$705,175	37.7%	$1,166,274	62.3%
13	El Paso	$949,236	2.7%	$609,876	64.2%	$339,360	35.8%
	Total	$34,650,000	100.0%	$22,382,470	64.6%	$12,267,530	35.4%

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	Place for Geographical Reference	Regional Funding %	Rural Funding %	Urban/ Exurban Funding %
1	Lubbock	4.9%	50.6%	49.4%
2	Abilene	2.9%	43.7%	56.3%
3	Dallas/Fort Worth	20.0%	7.7%	92.3%
4	Tyler	5.3%	59.3%	40.7%
5	Beaumont	3.2%	52.2%	47.8%
6	Houston	23.7%	4.2%	95.8%
7	Austin/Round Rock	4.5%	6.5%	93.5%
8	Waco	5.5%	18.2%	81.8%
9	San Antonio	5.7%	15.6%	84.4%
10	Corpus Christi	3.7%	51.9%	48.1%
11	Brownsville/Harlingen	13.0%	36.4%	63.6%
12	San Angelo	3.0%	29.3%	70.7%
13	El Paso	4.7%	13.2%	86.8%
	Total	100.0%	21.4%	78.6%

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	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,099	4.9%	$1,060,188	50.6%	$1,035,911	49.4%
2	Abilene	$1,251,525	2.9%	$546,878	43.7%	$704,647	56.3%
3	Dallas/Fort Worth	$8,598,298	20.0%	$659,991	7.7%	$7,938,307	92.3%
4	Tyler	$2,286,522	5.3%	$1,354,984	59.3%	$931,538	40.7%
5	Beaumont	$1,365,191	3.2%	$712,447	52.2%	$652,744	47.8%
6	Houston	$10,182,859	23.7%	$430,557	4.2%	$9,752,302	95.8%
7	Austin/Round Rock	$1,919,458	4.5%	$125,682	6.5%	$1,793,776	93.5%
8	Waco	$2,358,376	5.5%	$429,432	18.2%	$1,928,945	81.8%
9	San Antonio	$2,448,901	5.7%	$381,410	15.6%	$2,067,492	84.4%
10	Corpus Christi	$1,575,474	3.7%	$817,776	51.9%	$757,698	48.1%
11	Brownsville/Harlingen	$5,600,674	13.0%	$2,039,229	36.4%	$3,561,445	63.6%
12	San Angelo	$1,300,187	3.0%	$381,485	29.3%	$918,702	70.7%
13	El Paso	$2,016,435	4.7%	$267,150	13.2%	$1,749,284	86.8%
	Total	$43,000,000	100.0%	$9,207,210	21.4%	$33,792,790	78.6%

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 $~~396~~ 402 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $80~~79.2~~ 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~~s~~ 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 ~~2006~~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~~HTCs~~.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the area median income.

Projected Multifamily Bond Program Funding for FY 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 the Division of Policy and Public Affairs at (512) 475-3976.

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 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	2,255	131%	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	66	66%	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	1,025	49%	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	17,250	92%	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	466	63%	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	3,127	89%	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	5,005	93%	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	1,326	221%	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	549,162	125%	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	1,658	83%	2,000

*(C) **Strategy Measure:** Number of shelters assisted through the Emergency Shelter Grant Program.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
70	76	109%	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	86,988	138%	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	3,904	81%	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	13,409	125%	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	106,138	119%	89,000

*(B) **Strategy Measure:** Number of licenses issued.*

2006 Measure	2006 Actual	% of Goal	2007 Measure
4,435	4,075	92%	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	5,103	64%	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	1,002	59%	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
≥20%			≥20%

9.2 **Strategy:** Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

- Assist counties and local governments in assessing local needs for persons with special needs
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- 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:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates, and other interested parties in the development of programs that will address the needs of persons with special needs.
- 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:

- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide TBRA assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable			$2 million

9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

Strategy Measure: Amount of HOME project allocation awarded through a NOFA to provide HBA and OCC assistance to persons with disabilities.

2006 Measure	2006 Actual	% of Goal	2007 Measure
Not Applicable			$2 million

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.

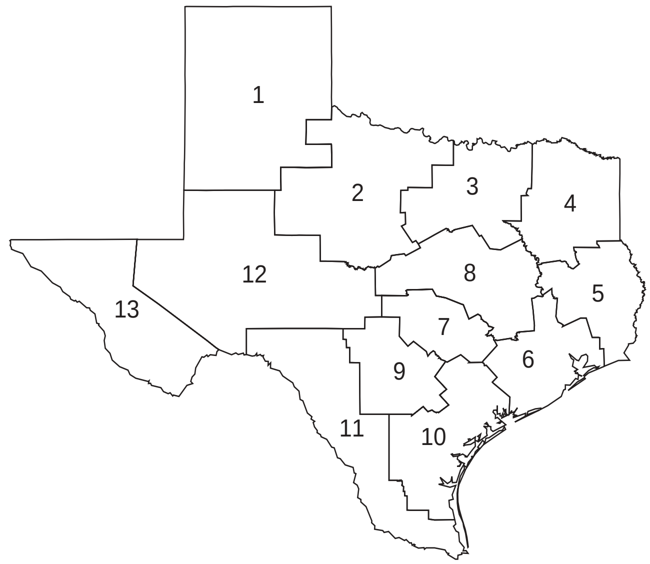
The Department met with various organizations concerning the prioritization and allocation of the Department's resources, and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy 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 Robert 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.90

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, 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-

[90] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html (Viewed July 27, 2006).
[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.

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.

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.

[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.

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

Public Comment on the Colonia Action Plan

Public comment on the Colonia Action Plan will be included in the final version of the document.

[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.

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.*

OVERVIEW

This report is prepared in accordance with SB 284, Legislative 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 needs 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. 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 $125 million in single family and approximately $500 million 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 1190 income eligible individuals and/or families through its single family first-time homebuyer 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 and 25.9 million and by 2040 between 35.0 and 50.6 million.[91]

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.[92]

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.[93]

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.[94]

Single Family Housing Needs

Texas may add nearly 3.8 million more students over the next 40 years creating a high demand for educators.[95]

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[91] 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).
[92] 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*.
[93] 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).
[94] Ibid.
[95] 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*.

Population growth will mean increased public service demands and expanding markets for Texas.[96]

Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevents 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.[97]

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 2006-2007 ranges from $27,320 per year for 0 years experience to $44270 per year for 20 or more years of experience.[98]

A base salary for Texas police officers ranges from $35,544 per year to $53,569.[99]

A base salary for Texas firefighters ranges from $26,432 per year to $44,054. [100]

A base salary for Texas correctional officers ranges from $22,440 per year to $33,276.[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]

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[96] Ibid
[97] National Association of Home Builders, *News Details; March 24, 2004.*
[98] Texas Classroom Teachers Association: *State Minimum for 2006-2007school year.*
[99] Salary.com
[100] Ibid.
[101] Texas Department of Criminal Justice Human Resources Division: http://www.tdcj.state.tx.us/vacancy/coinfo/cosalary06.htm.
[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).

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 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

[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).
[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.

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]

HURRICANE-AFFECTED AREA HOUSING NEEDS

Many Texas Gulf Coast residents were left with damaged or destroyed homes after Hurricane Rita came through the state. On Wednesday, December 21, 2005, the President signed into law, H.R. 4440, the "Gulf Opportunity Zone Act of 2005," to assist the Gulf Coast in its recovery from the past year's hurricane season. The Act defines three "GO Zones" for the areas hit by hurricanes Katrina, Rita, and Wilma.

According to the U.S. Census Bureau, the estimated population for the state of Texas in 2005 was 22,859,968. Of this figure, 5,416,433 live in the twenty-two designated targeted areas in the GO Zone. Areas designated as "targeted" include the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, and Walker.

The Corporation will address these pressing housing needs through the following single family, multifamily, and grant programs for 2007. 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 2007. A few of the programs mentioned are mandated by the state legislature, as noted, and a few have been undertaken upon the Corporation's own initiative to fulfill housing needs for identified underserved areas of the state.

TSAHC PROGRAM DESCRIPTIONS

- TEXAS PROFESSIONAL EDUCATORS HOME LOAN PROGRAM
- TEXAS FIRE FIGHTER AND LAW ENFORCEMENT OR SECURITY OFFICER HOME LOAN PROGRAM
- NURSING FACULTY HOME LOAN PROGRAM

[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

- HOME SWEET TEXAS LOAN PROGRAM

These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first three 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 of the total loan amount as down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

The 2005 Professional Educator Home Loan Program fully originated the $25,000,000 bond fund allocation. The Corporation released the 2006 Professional Educator Home Loan Program allocation in February, totaling $25,000,000 in additional mortgage revenue private activity bonds. This program was extremely successful, fully originating in three months. Since its inception in 2001, the program has financed 746 homes for teachers, teacher's aides, school counselors, school nurses and school librarians.

Additionally, the 2005 Fire Fighter and Law Enforcement or Security Officer Home Loan Program fully originated $25,000,000 in loan commitments. The 2006 Fire Fighter and Law Enforcement or Security Officer Home Loan Program was released in June, and has committed $10.2 million to date. Since the inception of this program in 2003, the program has financed 443 homes for fire fighters, peace officers, correctional officers, county jailers, and public security officers.

The Nursing Faculty Home Loan Program was established by the Legislature in 2005. The Corporation released a pilot program of $3 million in the form of low interest rate loans in May 2006. These funds are made available to eligible faculty members of either an undergraduate or graduate nursing program in the state of Texas. No loans have been issued to date.

Since the inception of both the Professional Educator Home Loan Program in 2001 and the Fire Fighter and Law Enforcement or Security Officer Home Loan Program in 2003, the Corporation has only seen the demand for these programs increase.

Given the success of the Programs and the rate of loan origination, the Corporation submitted an application requesting an additional allocation of funds to the Texas Bond Review Board in August 2006. The Corporation was successful, and was awarded $25 million. This new allocation, called the Home Sweet Texas Loan Program, will assist individuals or households whose annual income does not exceed 80% Area Median Family Income (AFMI) purchase homes. Release date for this program is October 2006.

The Corporation is confident that this allocation will be fully utilized by borrowers at 80% AMFI or below. Over 60% of all loans originated through the 2005 and 2006 Programs served borrowers at 80% AMFI or below. In the 2005 Program Year, 259 loans totaling $26.8M went specifically to borrowers at this income level. With Program Year 2006 not yet over, the Corporation has to date assisted 188 borrowers at this income level, totaling $20.4M.

The Gulf Opportunity Zone Act of 2005 expanded the eligibility for our single family bond programs significantly. Some of the principal provisions included in the Gulf Opportunity Zone Act of 2005 relate to private activity bonds for financing residential property located in a GO Zone, specifically, but not limited to, those funds used for "targeted area" residences. "Targeted area" means that part of the Eligible Loan Area that has been or may be designated from time to time as a qualified census tract or an area of chronic economic distress in accordance with section 143(j) of the Internal Revenue Code.

Section 1400T of the Gulf Opportunity Zone Act provides that for purposes of section 143, each residence in a designated area is treated as a "targeted" area residence (for financing provided from 12/21/05 through 12/31/2010), thus eliminating the first-time homebuyer requirement, and applying the higher targeted area purchase price and income limitations (state income limitation of 140% AMFI).

As a result of the designation of "targeted areas", coupled with the elimination of the first-time homebuyer requirement and increased income and purchase price limitations, the funds set aside for "targeted areas" have been originating quickly. In 2006, the Corporation allocated over $9.6 million to targeted areas. To date, 73 loans totaling $8.6 million have been committed.

2007 Implementation Plan

The Corporation's primary goal for 2007 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 home builder, real estate agent, lender, and the various professional trade associations' conventions and trade shows in 2006 and 2007.

In addition, the Corporation will continue to train and develop relationships with mortgage lenders and realtors who represent the Programs to the borrowers.

Given the demand for first-time homebuyer programs, other financing options available to the Corporation through its enabling legislation will be explored. In fact, the Corporation has submitted an application, totaling $100 million, to the Texas Bond Review Board requesting additional volume cap to specifically serve qualifying borrowers under the Professional Educators Home Loan Program. The outcome of this application is still to be determined.

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 but 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.

The Program was established to serve those individuals and/or families in Texas that have FICO scores between 525 and 610 and who 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 homebuyer education is an essential component to the success of home ownership. Under the Program, borrowers will be provided pre- and post-closing Homebuyer 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 52 loans to individuals and families who otherwise might not have achieved the dream of home ownership.

2007 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 and 2007, 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. The available amount for funding in 2006 was approximately $40 million, and a similar amount will be available for 2007. 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 who would provide the specific housing development that would address the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, supportive, migrant farm worker, or other specific housing need. Applications received in response to the request for proposals issued by the Corporation will be scored and ranked using criteria that analyzes the Developer's qualifications, experience and willingness to provide the types of multifamily housing targeted by the Corporation. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the Request for Proposals, subject to available allocation.

The Corporation issued requests for proposals in 2006 to Developers for the provision of rural, senior, rehabilitation, and hurricane-affected area multifamily housing. The Corporation did not receive proposals in response to these four statewide requests for proposals.

2007 Implementation Plan

In previous years, the Corporation targeted multifamily housing by specific geographic areas and by housing need and attempted to meet these targets by issuing requests for proposals per development. Attempting to meet targeted housing needs by issuing requests for proposals per development has not been as efficient or effective as the Corporation had hoped. As a result, for the 2007 program the Corporation will issue a single request for proposals to Developers who, if chosen, would agree to meet the Corporation's targeted housing needs by using the Corporation's entire bond cap allocation. Choosing one or more developers to receive the allocation will enable the Corporation to partner with the developers to meet the specific housing needs of the State.

The targeted areas of housing are anticipated to be rehabilitation, senior housing, supportive housing and rural housing. These targeted areas are based on current research and information received in previous years. 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. 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 issue the requests for proposals to Developers, which will include the targeted areas of housing need, in November 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.

2007 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.

2007 Implementation Plan

The Corporation is committed to administering and marketing our capabilities under this program in 2007. 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.

ASSET OVERSIGHT AND COMPLIANCE

Asset oversight of properties is required by many bond issuers, including the Corporation and TDHCA, to monitor the financial and physical health of a property and to provide suggestions for improvement. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are being provided to all residents of the property. Periodic on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

The Corporation is currently providing asset oversight for 133 properties and compliance oversight for 35 properties. In May of 2006 TDHCA contracted with the Corporation to provide asset oversight services for multifamily properties financed through their bond program. As a result, the Corporation is performing asset oversight services for 54 more properties than last year and has added an additional staff person to help perform these added duties. The Corporation staff performs annual on-site compliance reviews and at least yearly on-site asset oversight reviews for these properties.

2007 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.

Grant Program

Although the Corporation has been a 501(c)(3) nonprofit entity since 2001, the Corporation had not actively pursued fundraising and grant opportunities until this year. A number of program shortfalls made it clear the contribution a grant program could make to the success of our affordable housing programs. First, 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. In addition, 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, 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.

In 2006 the Corporation made considerable strides in this area by developing a Fundraising and Grant Program Action Plan and by searching out available grant funding for affordable housing. In addition, the Corporation received a low-interest loan from Wells Fargo for three areas: the Interim Construction and Land Acquisition Loan Program, Single Family Down Payment Assistance, and Multifamily Gap Financing Assistance.

2007 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 2007 the Corporation, through its newly hired Manager of Marketing and Development, will execute its Fundraising and Grant Program Action Plan and will use the $1.05 million award from Wells Fargo to further affordable housing in the state. In addition, 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 2007.

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;

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;

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;

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

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:

the street address and municipality or county where the property is located;

the telephone number of the property management of leasing agent;

the total number of units reported by bedroom size;

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;

the rent for each type of rental unit, reported by bedroom size;

the race or ethnic makeup of each project;

the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;

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;

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

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.

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.

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.

Repealed by Acts 2003, 78th Leg., ch. 330, §31(1).

SEC. 2306.0721. LOW INCOME HOUSING PLAN

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.

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.

The plan must include:

an estimate and analysis of the housing needs of the following populations in each uniform state service region:

individuals and families of moderate, low, very low income, and extremely low income;

individuals with special needs; and

homeless individuals;

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;

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;

a description of state programs that govern the use of all available housing resources;

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;

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;

strategies to provide housing for individuals and families with special needs each uniform state service region;

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;

an estimate and analysis of the housing supply in each uniform state service region;

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;

strategies for meeting rural housing needs;

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;

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

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.

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.

(d) 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

(e) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.

(f) 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).

(g) 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

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.

In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:

coordinate local, state, and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;

set priorities for the available housing resources to help the neediest individuals;

evaluate the success of publicly supported housing programs;

survey and identify the unmet housing needs of persons the department is required to assist;

ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;

develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
develop housing programs through an open, fair, and public process;
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);
incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
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;
develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
use the following standardized categories to describe the income of program applicants and beneficiaries:
to 30 percent of area median income adjusted for family size;
more than 30 to 60 percent of area median income adjusted for family size;
more than 60 to 80 percent of area median income adjusted for family size;
more than 80 to 115 percent of area median income adjusted for family size; or
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

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.
In addition to any other necessary topics relating to the report and the plan, each public hearing required by Subsection (a) must address:
infrastructure needs;
home ownership programs;
rental housing programs;
housing repair programs; and
the concerns of individuals with special needs, as defined by Section 2306.511.
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.
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	Any real or personal property, project, building structure, or facilities work or

Housing Project:	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	A nonprofit corporation is created by filing articles of incorporation with the

Organization: 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

December 14, 2006

Action Items

2007 State of Texas Final Consolidated Plan: One-Year Action Plan (Action Plan)

Required Action

Approval of the *Action Plan*

- See Attachment A for Public Comment and Corresponding TDHCA Reasoned Responses on the *Action Plan*.
- See Attachment B for a Blackline Version of the *Action Plan* Showing Changes from the Draft.

Background

The Texas Department of Housing and Community Affairs, Office of Rural Community Affairs, and Department of State Health Services have prepared the *Action Plan* in accordance with 24 CFR §91.320.

The *Action 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 *Action 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 *Action 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 Action Plan was made available for public comment from September 13, 2006, through October 12, 2006. Public hearings were held at 13 locations across the state - Amarillo, Austin, Beaumont, Brownwood, Bryan, Corpus Christi, Dallas, El Paso, Harlingen, Houston, Midland, San Antonio, and Tyler. There were 103 persons in attendance at these meetings. Written comment was also accepted at the public hearings and by mail, fax, or email. See "Attachment A" for summary of and TDHCA staff responses to comments on the Action Plan which were received during the public comment period.

Recommendation

Approval of the *Action Plan*.

Attachment A

Public Comment and Corresponding TDHCA Reasoned Responses on the Action Plan

The Action Plan was made available for public comment from September 13, 2006, through October 12, 2006. Public hearings were held at 13 locations across the state - Amarillo, Austin, Beaumont, Brownwood, Bryan, Corpus Christi, Dallas, El Paso, Harlingen, Houston, Midland, San Antonio, and Tyler. There were 103 persons in attendance at these meetings. Written comment was also accepted at the public hearings and by mail, fax, or email.

The only comments on the *Action Plan* related to programming of TDHCA HOME funds. A summary of these comments and the Staff's reasoned responses are below provided. The names and organizations that provided comment are provided in the Commenter List at the end of this section.

1. HOME Program Funding Amount for Applicants Serving Persons with Disabilities Are Unacceptable

Numerous people provided comment that the programming of the 2007 HOME funds does not set aside a minimum of 5%, approximately $2,225,000, of TDHCA's annual allocation for applicants serving persons with disabilities. Also, there is a concern that the Department is not continuing to set aside $500,000 solely for Home of Your Own (HOYO) Program activities. Concern was also voiced over the removal of the HOME Olmstead Tenant Based Rental Assistance (TBRA) program from the Action Plan two years ago. Extensive and passionate comment was provided that all of these funds needed to be restored or increased and that the Department was not adequately serving the disability community's needs. (1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 115, 117, 119, 121, 122, 123, 124)

Staff Response: The following changes are being recommended.

1. Staff recommends increasing the amount of funds dedicated to applicants serving persons with disabilities from $750,000 as originally proposed to $4 million. Based on the Department's statute, these funds will be regionally allocated and available through competitive grant acquisition processes. This will be done through the following strategies.

> ***"9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
>
> ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

These strategies will provide a variety of applicants, including HOYO, an opportunity to serve persons with disabilities across the state while fulfilling TDHCA's statutory responsibility to allocate HOME funding according to the regional allocation methodology required by Texas Government Code §2306.111.

The ability to use HOME funding in the larger metropolitan areas of the State is governed by Section 2306.111(c) of the Texas Government Code as shown below:

"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 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 who live in areas other than non-participating areas."

Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of the above described NOFAs, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ. Additionally, the Department is committed to providing technical assistance to any applicant or awardee to enhance their program delivery and build capacity.

2. TDHCA Is Not Committed to Providing Assistance for the Olmstead Population

Numerous people commented that the Department is no longer committed to serving the Olmstead population because funds specifically targeted for this purpose were removed from the Action Plan two years ago. 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). Further comment stated tenant based rental assistance is a critical component in helping transition persons from institutions into communities. (1, 2, 3, 4, 5, 6, 7, 8, 15, 16, 17, 18, 19, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124)

Staff Response: For Program Year 2004, TDHCA specifically dedicated $2,000,000 under the Set Aside for Olmstead Populations. The Department eliminated this set aside in 2005 due to low expenditure rates. However, staff acknowledges the importance of serving this need as well as the challenges inherent with administering this complex activity which may have affected the use of funds from the set aside. Therefore, as noted in item "1" above, the Department will publish a Notice of Funding Availability (NOFA), separate from the general HOME TBRA activity funding. This NOFA will provide up to $2 million for TBRA directed to assist persons with disabilities meeting the Texas State definition used by the Promoting Independence Advisory Board. To ensure that these funds are utilized, staff will seek recommendations from the Disability Advisory Workgroup as well as the disability stakeholder community at large in drafting the NOFA to improve program efficiency and expenditure rates. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

3. Percentage Allocation of HOME Single Family Activities

Numerous people and organizations protested the reduction of the Home Buyer Assistance (HBA) activity from 20% of the available single family activity funds in PY 2006 to 10% in PY 2007. In summary, the following comments were provided. (125-157)

a) Reducing the amount of funding for HBA will result in fewer applicants because when the approximate $2.26 million is divided amongst the 13 state service regions the available amount yields an average of $174,000 or 17 homebuyer loans per Region.

b) Comment expressed a specific need for, and interest in applying for, HBA funds in the future. For example, letters were received from nine Habitat for Humanity organizations that explained that they need the funds to provide HBA in their community.

c) The changes in the percentage distribution are unnecessary as it only limits the ability of TDHCA to respond to programmatic demand and market forces in the future.

d) If the goal of the proposed change is to get more funding into OCC, this change is not necessary because if TBRA or HBA activity funding in a particular region is under subscribed, then the remaining funds will be used for OCC awards within that region.

e) With the recent and untried change from issuing OCC assistance as grant to a deferred forgivable or zero interest loan, moving more funding to OCC at this time seems premature.

f) The HBA activity is the only HOME single family program that leverages significant private sector investment and creates new properties to enhance the local and state tax base. For every HBA household served at $10,000, the program leverages private mortgages for the remaining cost of the home. On the other hand, the OCC program rehabilitates or rebuilds a home up to $55,000 with no additional private sector investment.

g) The HBA program can leverage homeownership for more families. For every OCC household served, approximately 5.5 families can be helped with HBA assistance.

Staff Response: After reviewing the public comment, staff is recommending that the HBA percentage should be increased from 10 percent to 15 percent, which is the same level as TBRA. It should be noted that HBA's percentage of the single family activity funds could eventually exceed 15 percent based on the amount of additional HBA activity associated with the proposed NOFA for HBA and OCC assistance for persons with disabilities.

Table A.1 Commenter Information

1. Mr. Roger A. Webb, Texas Council for Developmental Disabilities
2. Ms. Jean Langendorf, United Cerebral Palsy of Texas
3. Mr. John Meinkowsky, ARCIL, Center for Independent Living for Austin area
4. Mr. William K. Brown, Citizen
5. Ms. Stephanie Thomas, ADAPT Texas
6. Ms. Sarah Mills, Advocacy, Inc.
7. Ms. Sarah Anderson, Sarah Anderson Consulting
8. Ms. Judy Telge, Coastal Bend Center for Independent Living
9. Ms. Gail Goodman, Citizen
10. Ms. Jamie Fitchko, Dallas Co. Home Loan Counseling Center
11. Ms. Brenda Edwards, Home of Your Own Program-Dallas Co.
12. Mr. Richard David Baird, Citizen
13. Ms. Telisa Miller, Citizen
14. Mr. Vo, Citizen
15. Ms. Flanagan, Citizen
16. Mr. Stephen Hester, Jr., Houston Center for Independent Living
17. Ms. Monique Carle, Coastal Bend Center for Independent Living
18. Ms. Susan Thornton, Citizen
19. Ms. Mary Bradford, Citizen
20. Mr. Kenneth Frazier, Citizen
21. Ms. Melanie Almaguer, Citizen
22. Mr. Michael Champion, Citizen
23. Ms. Dorothy Adams, Citizen
24. Ms. Jeanene Malone, Citizen
25. Mr. John Barrios, Citizen
26. Mr. Joseph Arredondo, Citizen
27. Ms. Galen Toennis, Evercare of Texas
28. Mr. Mark Rathburn, Citizen
29. Ms. Sally Simpson, Citizen
30. Ms. Carol Halleck, Citizen
31. Ms. Meghan Kearns, Citizen
32. Ms. Minh Le, Citizen
33. Ms. Vicki Zimmer, Citizen
34. Mr. Marty Ringler, Citizen
35. Ms. Sally Watkins, Citizen
36. Ms. Jackie Conerly, Citizen
37. Ms. Steffanie Budge, Citizen
38. Ms. Billie Holloway, Citizen
39. Ms. Emede Reyes, Citizen
40. Mr. Kelly Moore, Citizen
41. Ms. Sissy Riffin, Citizen
42. Ms. Melissa Mays, Citizen
43. Ms. Belinda Carlton, Citizen
44. Mr. Floyd Edwards, Citizen
45. Ms. Karen Mayeux, Citizen
46. Ms. Bobbye Simon, Citizen
47. Mr. Jerry Sewell, Citizen
48. Ms. Carla Carroll, Guaranty Bank
49. Mr. M. Victor Sedinger, Citizen
50. Mr. Dennis Borel, Coalition of Texans with Disabilities
51. Mr. Stephen S. Allen, Fannie Mae
52. Mr. Daniel Williams, Citizen
53. Mr. Priscilla Althaus, Citizen
54. Ms. April Emmert, Citizen
55. Ms. Dafna Yee, Citizen
56. Ms. Patricia Ellsworth, Citizen
57. Mr. Jay Buxton, Citizen
58. Ms. Malinda Brown, Citizen
59. Ms. Karen Rose, Citizen
60. Ms. Joanne Groshardt, Citizen
61. Mr. Bob Kafka, Citizen
62. Mr. Mike Webb, Citizen
63. Mr. Vernon Whitney, Citizen
64. Ms. Elena Casas, Citizen
65. Mr. Luis Torres, Citizen
66. Ms. Amy Connor, Citizen
67. Ms. Lenore Kinzenbaw, Citizen
68. Ms. Jan Shrode, Citizen
69. Mr. Thomas Windberg, Citizen
70. Ms. Toni Byrd, Citizen
71. Ms. Gayla Smith, Citizen
72. Ms. Erika Parker, Citizen
73. Ms. Betty Nichols, Citizen
74. Ms. Peggy Cosner, Citizen
75. Mr. Norman Kieke, Citizen
76. Mr. Ron Cranston, Citizen
77. Ms. Eileen Boyce, Citizen
78. Ms. Sandra Bookman, Citizen
79. Ms. Mohsen Nazari, Citizen
80. Ms. Marilyn Sneed, Citizen
81. Mr. Dennis Barnes, Citizen
82. Mr. Paul Baganz, Citizen
83. Ms. Amy Mizcles, Citizen
84. Ms. Melissa Escamilla, Citizen
85. Ms. Betty Young, Citizen
86. Mr. Patrick De La Garza Und Senkel, Citizen
87. Ms. JoAnna Guillen, Citizen
88. Ms. Christine Guevara, Citizen
89. Mr. Otis Larry, Citizen
90. Mr. John Sampson, Citizen
91. Mr. Clark Varner, Citizen
92. Ms. Allison Lipnick, Citizen
93. Ms. Pamela Rogers, Citizen
94. Ms. Monica Prather, Citizen
95. Mr. Curt Voelkel, Citizen
96. Mr. Kelly Dietrich, Citizen
97. Mr. William Cady, Citizen
98. Ms. Denise Fenwick, Citizen
99. Mr. John Artz, Citizen
100. Mr. David O'Brien, Housing Opportunities of Fort Worth
101. Ms. Linda Latimer, Citizen

102. Ms. Carla Carroll, Citizen
103. Ms. Ilda Gibson, Citizen
104. Ms. Maria Sustaita, Citizen
105. Ms. Olga Guerra, Citizen
106. Mr. Joe Mata, Citizen
107. Ms. Sharon Gaston, Citizen
108. Ms. Dana Carpenter, Citizen
109. Mr. Henry Greer, Citizen
110. Ms. Brenda Reusser, Citizen
111. Mr. J. Scott Daniels, Citizen
112. Mr. Jeff Garrison-Tate, Disability Policy Consortium
113. Mr. Felix Briones, ADAPT of Texas
114. Mr. Gene Rodgers, Citizen
115. Mr. Stephen Harvey, Heart of Central Texas Independent Living Center in Belton and Waco
116. Mr. Nelson Peet, Citizen
117. Ms. Jennifer McPhail, ADAPT of Texas
118. Mr. James Meadows, Texas Advocates
119. Ms. Cathy Cranston, ADAPT of Texas and Personal Attendant Coalition of Texas
120. Ms. Regina Blye, State Independent Living Council
121. Mr. Danny Saenz ADAPT of Texas
122. Mr. Albert Sparky Metz, Citizen
123. Ms. Angela Lello, Texas Council for Developmental Disabilities
124. Ms. Tonya Winters, Texas Advocates
125. Mr. Carlos Hernandez, Habitat for Humanity Texas
126. Mr. Steven Carriker, TACDC
127. Ms. Gloria Sanderson, Houston LISC
128. Mr. Daniel Williams, Dominion CDC
129. Ms. Lisbeth, Echeandia Habitat for Humanity Fannin Co.
130. Mr. John Burnett Habitat for Humanity Fannin Co.
131. Mr. Wilson F., Habitat for Humanity Fannin Co.
132. Ms. Carol Sloane, Habitat for Humanity Fannin Co.
133. Ms. Eva Fryar, Habitat for Humanity Fannin Co.
134. Mr. Larry Wilson, Habitat for Humanity Fannin Co.
135. Mr. John Denton, Habitat for Humanity Fannin Co.
136. Rev. Marc Hander, Greenville Habitat for Humanity
137. Ms. Seleta Edge, Greenville Habitat for Humanity
138. Mr. Ray Ricks, Habitat for Humanity Fannin Co.
139. Mr. Lloyd Nicholson, Habitat for Humanity Fannin Co.
140. Mr. Neill Morgan, Habitat for Humanity Grayson Co.
141. Mr. John Williams, Habitat for Humanity Grayson Co.
142. Ms. Gwynne Patman, Habitat for Humanity of Greater Garland
143. Mr. Ryan Monroe, Midland Habitat for Humanity
144. Ms. Celeste Faro, Habitat for Humanity of North Central Texas
145. Jt McComb, Wimberley Valley Habitat for Humanity
146. Mr. Vance Hinds Habitat for Humanity of Ellis Co.
147. Laurie Mealy, Habitat for Humanity Grayson Co.
148. Ms. Alynda, Best Midland Habitat for Humanity
149. Mr. Michael Hunter, Hunter & Hunter Consultants
150. Ms. Brenda Lakey, AHCD
151. Ms. Michaelle Wormly, Woman, Inc.
152. Ms. Lori Gibbons, Dominion CDC
153. Mr. Paul Charles, NRCDC
154. Mr. Matt Hull, TACDC
155. Ms. Kathy Flanagan-Payton, Fifth Ward Redevelopment Corp.
156. Mr. Lee Reed, Rio Grande Valley Multibank
157. Ms. Michelle Seymour, Midland Habitat for Humanity (Midland Hearing)

Attachment B
<u>Blackline Version of the *Action Plan* Showing Changes from the Draft.</u>

2007 State of Texas Consolidated Plan
One-Year Action Plan

December 15, 2006

Prepared by:

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2007 State of Texas Consolidated Plan
One-Year Action Plan

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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) Form application. Standard Form 424;

(b) Resources.

(1) Federal resources. The consolidated plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with § 91.315. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate resources from private and 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) Activities. A description of the State's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the State, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year and how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan;

(d) Geographic distribution. A description of the geographic areas of the State (including areas of minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically;

(e) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30% of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, and to address the special needs of persons who are not homeless identified in accordance with § 91.315(d);

(f) Other actions. Actions it plans to take during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), remove barriers to affordable housing, evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives. (See §91.315 (a), (b), (f), (g), (h), (i), (j), (k), and (l).)

(g) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria--if the relative importance has been developed. The action plan must include a description of how all CDBG resources will be allocated among all funding categories and the threshold factors and grant size limits that are to be applied. If the State intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications

will be selected for assistance. If a State elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the State's process and criteria for approving local governments' revitalization strategies. (The statement of the method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it and be able to prepare responsive applications.)

(2) HOME.

A. The State shall describe other forms of investment that are not described in Sec. 92.205(b) of this subtitle.

B. 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.

C. 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:

D. 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.

E. 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.

F. State whether the new investment is being made to maintain current affordable units, create additional affordable units or both.

G. Specify the required period of affordability, whether it is the minimum 15 years or longer.

H. 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.

I. 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 Board Approved document.]

ACTION PLANS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 2007 ACTION PLAN

[The TDHCA Board does not act upon this part of the document. It will be included in the final version sent to HUD.]

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~~ It is estimate~~s~~d that in PY 2007 ~~the Department will fund~~ 76 private nonprofit entities and units of general local government will be funded to administer projects that will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities administered by several of these funded entities will involve collaborative efforts with 17 other subentities. ~~Several of the entities have been funded for collaborative projects with 17 organizations. The Department~~It is estimate~~s~~d that 79,000 homeless persons will be assisted in PY 2007.

TARGETED BENEFICIARIES

Homeless individuals and individuals at risk of homelessness.

FUNDING 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~~taken from the 2000 US Census. A portion of the State's ESGP allocation will be reserved to fund a statewide homelessness 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~~TDHCA 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 s~~S~~tate due to a lack of viable applications. The Texas Homeless Network has provided~~conducted~~ technical assistance workshops ~~at no cost~~ to local homeless coalitions across the State.~~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~~TDHCA 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.

TDHCA issues a notice of funding availability (NOFA) and ~~provides an~~posts an application to its website. Applications are also provided directly to any organization or individual ~~which requests one~~upon request. 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 ~~funding~~ 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.)
- 10 Texas Administrative Code, Chapter 5, Subchapter C.

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~~TDHCA monitors each ESGP subrecipient annually. During the monitoring review, staff determine subrecipients' compliance with the ESGP contract, ESGP State Regulations, 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~~TDHCA's monthly performance reports ~~will be~~have been amended to include changes in reporting requirements required by HUD and to ~~report utilizing the outcome measurement system~~gather data on persons assisted with services which are outcome oriented and have a long-term impact.. ESGP activities related to renovation/rehabilitation, 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~~Affordability 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~~TDHCA 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~~ TDHCA provides funding or that ~~we track~~TDHCA monitors for the ESGP Program.

Public Housing Resident Initiatives

Fostering public housing resident initiatives is not an initiative for which ~~we~~ TDHCA provides funding or that ~~we~~ TDHCA tracks for the ESGP Program.

Lead-Based Hazards

~~The Department does~~TDHCA evaluates and reduces 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~~TDHCA encourages the use of ESGP funds to ~~assist~~ help ESGP clients ~~move~~ lift themselves above the poverty line, it is not an initiative for which ~~we~~ TDHCA provides funding or that ~~we~~ TDHCA ~~track~~ monitors for the ESGP Program.

Institutional Structure

~~The Department does~~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. ~~The Department~~TDHCA 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.

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY 2007)[1]	$4,000,000	10%
CHDO Project Funds Set Aside (15% of PY 2007)[2]	$6,000,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside)	$300,000	1%
State Mandated Funds for Contract for Deed Conversions[1]	$2,000,000	5%
Persons with Disabilities Program	$4,000,000	10%
Rental Housing Preservation Program	$2,000,000	5%
Rental Housing Development Program	$3,000,000	8%
General Funds for Single Family Activities	$18,700,000	47%
Total PY 2007 HOME Allocation	$40,000,000	100%
PY 2007 American Dream Downpayment Initiative (ADDI) Funds	$650,000	
Total Estimated Funding Available for Distribution	$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. TDHCA may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

The following targets will be used to distribute General Funds for Single Family Activities and ADDI funds.

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$2,902,500	15%
Owner Occupied Housing Assistance	$13,545,000	70%
Tenant Based Rental Assistance	$2,902,500	15%
Total Estimated Funding Available for Distribution	$19,350,000	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 biennial 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)

ELIGIBLE SERVICE AREAS

Per Section 2306.111(c) TDHCA shall expend at least 95 percent of HOME funds for the benefit of non–PJ areas of the state. The remaining 5 percent of HOME funds may be expended in a PJ, but only if the funding serves persons with disabilities.

DESCRIPTION OF ACTIVITIES

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.

The available funding for this activity is approximately $13.5 million, which may only be used in non-PJs. This amount does not include the Housing Program for Persons with Disabilities OCC funding issued under a separate NOFA.

~~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.

The available funding for this activity is approximately $2.9 million, which may only be used in non-PJs. This amount does not include the Housing Program for Persons with Disabilities TBRA funding issued under a separate NOFA.

~~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.

The available funding for this activity is approximately $2.9 million, which may only be used in non-PJs. PY 2007 ADDI funds are included in this amount. This amount does not include the Housing Program for Persons with Disabilities HBA funding issued under a separate NOFA. ~~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.

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~~TDHCA 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 Departmen~~to TDHCA~~t~~'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.

Approximately $2 million is available for Rental Housing Development and approximately $3 million is available for Rental Housing Preservation. Funding for these activities may only be used in non-PJs.

SPECIAL MANDATES, PROGRAMS, AND INITIATIVES ~~SET ASIDES~~

TDHCA will ~~use the following set-asides to~~ direct its remaining HOME funding to address federal and state legislative requirements or departmental program objectives as follows.

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. These funds must be used in non-PJs. ADDI Funding ~~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.

TDHCA 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~~TDHCA 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.~~ These funds may only be used in non-PJs.

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~~TDHCA's HOME allocation will be used for the operating expenses of CHDOs. ~~The Department~~TDHCA 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.

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. These funds may only be used in non-PJs.

To help TDHCA meet 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.

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~~TDHCA will only make loans to CHDOs ~~certified by the Department~~it has certified 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. These funds may only be used in non-PJs.

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

Up to $4 million of directed assistance for persons with disabilities will be issued under separate NOFAs. The funds will be awarded through competitive application processes. These NOFAs will include directed funds for TBRA, HBA and OCC activities as described in the following strategies.

- 9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.
- 9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications may serve both PJ and non-PJ areas. The amount of funding that can be utilized for this purpose in PJ areas cannot exceed the associated 5 percent cap of approximately $2 million.

In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), TDHCA 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.

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 TDHCA, 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 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.

FUNDING DISTRIBUTION

Subject to Texas Government Code §2306.111, HOME funds will be distributed according to the established Regional Allocation Formula (RAF). The 2007 RAF distributes funding for the following activities:

- CHDO Project Funds and CHDO Operating Expenses Set Asides,
- Housing Program for Persons with Disabilities,
- Rental Housing Preservation Program,
- Rental Housing Development Program,
- Single Family Activity Program, and
- PY 2007 ADDI Funds.

The table below shows the combined regional funding distribution for all of the activities distributed under the RAF. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

2007 Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,376	6.1%	$2,096,004	100.0%	$372	0.0%
2	Abilene	$1,564,996	4.5%	$1,528,397	97.7%	$36,599	2.3%
3	Dallas/Fort Worth	$6,158,445	17.8%	$1,697,219	27.6%	$4,461,226	72.4%
4	Tyler	$4,209,442	12.1%	$3,709,160	88.1%	$500,282	11.9%
5	Beaumont	$2,087,440	6.0%	$1,771,480	84.9%	$315,960	15.1%
6	Houston	$2,390,795	6.9%	$1,076,716	45.0%	$1,314,079	55.0%
7	Austin/Round Rock	$1,432,347	4.1%	$781,108	54.5%	$651,239	45.5%
8	Waco	$1,163,474	3.4%	$717,572	61.7%	$445,901	38.3%
9	San Antonio	$1,941,552	5.6%	$1,507,178	77.6%	$434,374	22.4%
10	Corpus Christi	$2,538,461	7.3%	$2,071,417	81.6%	$467,044	18.4%
11	Brownsville/Harlingen	$6,245,987	18.0%	$4,111,167	65.8%	$2,134,820	34.2%
12	San Angelo	$1,871,449	5.4%	$705,175	37.7%	$1,166,274	62.3%
13	El Paso	$949,236	2.7%	$609,876	64.2%	$339,360	35.8%
	Total	$34,650,000	100.0%	$22,382,470	64.6%	$12,267,530	35.4%

~~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.~~

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~~TDHCA.

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~~TDHCA 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~~TDHCA by 5 pm on the date identified in the NOFA and/or application guidelines, regardless of method of delivery.

Applications received by ~~the Department~~TDHCA in response to an Open Application Cycle NOFA will be handled in the following manner. ~~The Department~~TDHCA will accept applications on an ongoing basis, until such date when ~~the Department makes~~ it provides 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~~TDHCA. 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~~TDHCA 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:

- 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.
- 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).
- Eligible match contributions from State recipients, as specified in 24 CFR 92.220.

- 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.

1. The following methods of recapture would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:
   a. 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.
   b. 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.
2. 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.
3. 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.

1. The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:
   a. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, 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.
   b. 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.
   c. The period of affordability is based on the total amount of HOME funds invested in the housing.
2. 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.
   a. 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.
   b. 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.
   c. 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.

d. 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.

e. 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.

f. If there are no net proceeds, repayment of the loan is not required.

g. 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~~TDHCA also plans to utilize HOME funds for the management and administration of properties that ~~have been~~ it has 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~~TDHCA 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~~TDHCA 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~~TDHCA 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~~TDHCA 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~~TDHCA 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~~TDHCA'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

[The TDHCA Board does not act upon this part of the document. It will be included in the final version sent to HUD.]

AVAILABLE RESOURCES

The 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 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 2006 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
Texas Housing Trust Fund	$68,750
HUD PHA Capital Funds	$33,357,362
HUD Housing Choice Vouchers (Sec. 8)	$144,939,814
USDA Multifamily Development	$6,702,950
USDA Rental Assistance	$27,504,284
Housing Tax Credits	$187,216,110
TXBRB Multifamily Tax Exempt Bond	$76,756,620
Housing Tax Credits w/ MF Tax Exempt Bond	$67,055,059
USDA Owner Occupied	$39,719,206
TXBRB Single Family Bond	$108,455,786
HUD HOME Investment Partnerships Program	$38,265,885
Total	$730,041,826

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

TxCDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level. Housing projects continue to be funded through the Colonia Self-Help Centers as well.

In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY 2007, the TxCDBG will make funds available through six different grant programs to provide water or sewer services on private property, with the vast majority being low and moderate income households.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. TxCDBG staff offers technical assistance to communities to promote successful CDBG projects.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a TxCDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2007, TxCDBG will make funds available for planning through the Planning and Capacity Building Fund, Colonia Comprehensive Planning Fund and Colonia Area Planning Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a

Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. TxCDBG will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

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

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons living with HIV/AIDS in 2005 (56,012) are either homeless or at risk of homelessness, there may be from 18,652 to 28,006 people living with HIV/AIDS in Texas who are homeless or at risk of homelessness. Housing continues to rank high on the needs assessments of people with HIV/AIDS as assessed regularly by the Ryan White Title II planning bodies.

In 2006, DSHS distributed $23,689,011 in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. An additional $83.6 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.

The Texas HOPWA program continues to fill the unmet need by providing emergency housing assistance and rental assistance. Since the primary objective of this project is the provision of assistance to continue independent living, the continuation of HOPWA funding is critical in addressing the future threat of homelessness for persons with HIV/AIDS in Texas.

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

Litigation concerning CDBG funding and public housing authorities, known as Young v. Martinez, focused attention and funds on these areas in the past. The State provided three funding set-asides to address Court-ordered activities under the Final Order and Decree for the litigation, obligating a total of $13,664,753.18 for 62 Young v. Martinez Fund projects in PHA areas. To date, over $12 million of that total has been requested for drawdown with approximately $538,000 remaining as an unutilized balance in completed projects and $983,000 remaining in four open contracts. Although the litigation has been settled, TxCDBG continues to serve public housing areas through other funding categories as residents of PHAs qualify as low to moderate income beneficiaries for CDBG projects.

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

The HOPWA program administered by DSHS does not provide public housing assistance. However, project sponsors are required to coordinate closely with local housing authorities in order to maximize limited resources.

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

The TxCDBG encourages the reduction of lead-based hazards through favorable scoring under its Community Development and Community Development Supplemental Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Construction Fund, Community Development and Community Development Supplemental Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the TxCDBG in response to the Act.

In accordance with CDBG state regulations and the Lead-Based Paint Poisoning Prevention Act, TxCDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Housing Rehabilitation Manual.

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 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-

[1] Texas Department of Health.

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

DSHS requires Project Sponsors to give all HOPWA clients the lead-based paint pamphlet entitled *Protect Your Family from Lead in Your Home (*Environmental Protection Agency) during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client.

For each HOPWA household, the case manager must certify the following:

If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood Lead Level, paint surfaces must be tested for lead-based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

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

A substantial majority of TxCDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to “principally benefit low and moderate income persons.” TxCDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects under this national objective are required to serve 51 percent low to moderate income persons; however, an application receives full points only if a minimum of 60 percent of the project beneficiaries are of low to moderate income. In addition, the CDBG allocation formula used to distribute Community Development and the Community Development Supplemental funds among regions includes a variable for poverty. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward the greatest need.

The CDBG economic development funds have been instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, TxCDBG can be a very effective anti-poverty tool. This potential will be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

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

The DSHS HOPWA Program funds emergency assistance activities, rental assistance, and limited supportive services for persons based on adjusted gross income. While many of the families assisted may be at poverty-level, this is not a requirement under 24 CFR.

COMPLIANCE

ORCA, TDHCA, and DSHS ensure compliance with program and comprehensive planning requirements through various compliance measures.

CDBG

The monitoring function of the TxCDBG has four components: project implementation, contract management, audit, and monitoring compliance.

Project Implementation

Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development, Operations, Legal, and Fiscal Operations Departments to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

Contract Management

All open TxCDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor progress and compliance through formal reporting procedures.

Program Specialists for Labor Standards and Environmental compliance also exist under the Project Management function. Additionally, all reimbursement requests require complete supporting documentation before payment is made.

Audit

The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations spending more than $500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by ORCA regardless of whether there are findings noted in the audit pertaining to CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

Monitoring Compliance

The on-site programmatic reviews are conducted on every CDBG contract prior to close-out to ensure the contractual obligations of each grant are met. The projects are considered available for review when 75 percent of the contracted funds have been drawn down, and for construction projects, when construction has been substantially completed. Interim monitoring reviews may be conducted as necessary.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance Division communicates with the staff of the Community Development Division as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

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

All 25 of the state's HIV Service Delivery Areas (HSDAs) receive HOPWA funding through a contract with the Administrative Agency (AA) serving the HSDA. Each Administrative Agency either directly serves as the Project Sponsor or contracts with another provider (Project Sponsor) for delivery of these services. Administrative Agencies are selected based on a competitive RFP process. In turn, AA use a competitive selection process for the Project Sponsors.

Each Administrative Agency is required to submit performance objectives and a plan of action for expenditure of its allocation. Award of their funding allocation is contingent upon the submission of a DSHS-accepted plan of action. DSHS reserves 3 percent of the total award for administrative and indirect cost, combined. Project sponsors are allowed to use up to seven percent of their allocation for personnel or other administrative costs.

A team of 13 Field Operation's consultants and managers monitor the contract activities of the Administrative Agencies and their contractors. This monitoring involves periodic site visits, technical assistance, and the submission of monthly quarterly data reports. Desk audits are to be conducted by the new Contract Management Unit at the division level in the DSHS. Fiscal audits are conducted as part of a centralized service of the department, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

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

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the CDBG and invite their input into the project selection process.

TxCDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

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

DSHS administers HOPWA funds through eight administrative agencies across the state. These are selected competitively or via direct contracts with local governmental entities as provided under state law. Funds are allocated to 25 HIV Service Delivery Areas (HSDAs) based on a formula that takes into account the number of persons living with HIV/AIDS and the poverty level within each HSDA. The Administrative Agencies, in turn, either administer HOPWA funds directly or competitively select Project Sponsors. Project Sponsors are typically organizations with knowledge of and experience in providing services to persons with HIV/AIDS and their family members affected by the disease. These agencies bring their institutional knowledge and a range of funding sources to the task of providing stable and affordable housing to eligible persons with HIV/AIDS.

SUMMARY OF PUBLIC COMMENT

The Action Plan was made available for public comment from September 13, 2006, through October 12, 2006. Public hearings were held at 13 locations across the state - Amarillo, Austin, Beaumont, Brownwood, Bryan, Corpus Christi, Dallas, El Paso, Harlingen, Houston, Midland, San Antonio, and Tyler. There were 103 persons in attendance at these meetings. Written comment was also accepted at the public hearings and by mail, fax, or email.

The only comments on the *Action Plan* related to programming of TDHCA HOME funds. A summary of these comments and the Staff's reasoned responses are below provided. The names and organizations that provided comment are provided in the Commenter List at the end of this section.

1. HOME Program Funding Amount for Applicants Serving Persons with Disabilities Are Unacceptable

Numerous people provided comment that the programming of the 2007 HOME funds does not set aside a minimum of 5%, approximately $2,225,000, of TDHCA's annual allocation for applicants serving persons with disabilities. Also, there is a concern that the Department is not continuing to set aside $500,000 solely for Home of Your Own (HOYO) Program activities. Concern was also voiced over the removal of the HOME Olmstead Tenant Based Rental Assistance (TBRA) program from the Action Plan two years ago. Extensive and passionate comment was provided that all of these funds needed to be restored or increased and that the Department was not adequately serving the disability community's needs. (1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 115, 117, 119, 121, 122, 123, 124)

Staff Response: The following changes are being recommended.

1. Staff recommends increasing the amount of funds dedicated to applicants serving persons with disabilities from $750,000 as originally proposed to $4 million. Based on the Department's statute, these funds will be regionally allocated and available through competitive grant acquisition processes. This will be done through the following strategies.

> ***"9.5 Strategy:*** *Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.*
> ***9.6 Strategy:*** *Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."*

These strategies will provide a variety of applicants, including HOYO, an opportunity to serve persons with disabilities across the state while fulfilling TDHCA's statutory responsibility to allocate HOME funding according to the regional allocation methodology required by Texas Government Code §2306.111.

The ability to use HOME funding in the larger metropolitan areas of the State is governed by Section 2306.111(c) of the Texas Government Code as shown below:

"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 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 who live in areas other than non-participating areas."

Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of the above described NOFAs, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ. Additionally, the Department is committed to providing technical assistance to any applicant or awardee to enhance their program delivery and build capacity.

2. TDHCA Is Not Committed to Providing Assistance for the Olmstead Population

Numerous people commented that the Department is no longer committed to serving the Olmstead population because funds specifically targeted for this purpose were removed from the Action Plan two years ago. 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). Further comment stated tenant based rental assistance is a critical component in helping transition persons from institutions into communities. (1, 2, 3, 4, 5, 6, 7, 8, 15, 16, 17, 18, 19, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124)

Staff Response: For Program Year 2004, TDHCA specifically dedicated $2,000,000 under the Set Aside for Olmstead Populations. The Department eliminated this set aside in 2005 due to low expenditure rates. However, staff acknowledges the importance of serving this need as well as the challenges inherent with administering this complex activity which may have affected the use of funds from the set aside. Therefore, as noted in item "1" above, the Department will publish a Notice of Funding Availability (NOFA), separate from the general HOME TBRA activity funding. This NOFA will provide up to $2 million for TBRA directed to assist persons with disabilities meeting the Texas State definition used by the Promoting Independence Advisory Board. To ensure that these funds are utilized, staff will seek recommendations from the Disability Advisory Workgroup as well as the disability stakeholder community at large in drafting the NOFA to improve program efficiency and expenditure rates. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

3. Percentage Allocation of HOME Single Family Activities

Numerous people and organizations protested the reduction of the Home Buyer Assistance (HBA) activity from 20% of the available single family activity funds in PY 2006 to 10% in PY 2007. In summary, the following comments were provided. (125-157)

a) Reducing the amount of funding for HBA will result in fewer applicants because when the approximate $2.26 million is divided amongst the 13 state service regions the available amount yields an average of $174,000 or 17 homebuyer loans per Region.

b) Comment expressed a specific need for, and interest in applying for, HBA funds in the future. For example, letters were received from nine Habitat for Humanity organizations that explained that they need the funds to provide HBA in their community.

c) The changes in the percentage distribution are unnecessary as it only limits the ability of TDHCA to respond to programmatic demand and market forces in the future.

d) If the goal of the proposed change is to get more funding into OCC, this change is not necessary because if TBRA or HBA activity funding in a particular region is under subscribed, then the remaining funds will be used for OCC awards within that region.

e) With the recent and untried change from issuing OCC assistance as grant to a deferred forgivable or zero interest loan, moving more funding to OCC at this time seems premature.

f) The HBA activity is the only HOME single family program that leverages significant private sector investment and creates new properties to enhance the local and state tax base. For every HBA household served at $10,000, the program leverages private mortgages for the remaining cost of the home. On the other hand, the OCC program rehabilitates or rebuilds a home up to $55,000 with no additional private sector investment.

g) The HBA program can leverage homeownership for more families. For every OCC household served, approximately 5.5 families can be helped with HBA assistance.

Staff Response: After reviewing the public comment, staff is recommending that the HBA percentage should be increased from 10 percent to 15 percent, which is the same level as TBRA. It should be noted that HBA's percentage of the single family activity funds could eventually exceed 15 percent based on the amount of additional HBA activity associated with the proposed NOFA for HBA and OCC assistance for persons with disabilities.

Table A.1 Commenter Information

1. Mr. Roger A. Webb, Texas Council for Developmental Disabilities
2. Ms. Jean Langendorf, United Cerebral Palsy of Texas
3. Mr. John Meinkowsky, ARCIL, Center for Independent Living for Austin area
4. Mr. William K. Brown, Citizen
5. Ms. Stephanie Thomas, ADAPT Texas
6. Ms. Sarah Mills, Advocacy, Inc.
7. Ms. Sarah Anderson, Sarah Anderson Consulting
8. Ms. Judy Telge, Coastal Bend Center for Independent Living
9. Ms. Gail Goodman, Citizen
10. Ms. Jamie Fitchko, Dallas Co. Home Loan Counseling Center
11. Ms. Brenda Edwards, Home of Your Own Program-Dallas Co.
12. Mr. Richard David Baird, Citizen
13. Ms. Telisa Miller, Citizen
14. Mr. Vo, Citizen
15. Ms. Flanagan, Citizen
16. Mr. Stephen Hester, Jr., Houston Center for Independent Living
17. Ms. Monique Carle, Coastal Bend Center for Independent Living
18. Ms. Susan Thornton, Citizen
19. Ms. Mary Bradford, Citizen
20. Mr. Kenneth Frazier, Citizen
21. Ms. Melanie Almaguer, Citizen
22. Mr. Michael Champion, Citizen
23. Ms. Dorothy Adams, Citizen
24. Ms. Jeanene Malone, Citizen
25. Mr. John Barrios, Citizen
26. Mr. Joseph Arredondo, Citizen
27. Ms. Galen Toennis, Evercare of Texas
28. Mr. Mark Rathburn, Citizen
29. Ms. Sally Simpson, Citizen
30. Ms. Carol Halleck, Citizen
31. Ms. Meghan Kearns, Citizen
32. Ms. Minh Le, Citizen
33. Ms. Vicki Zimmer, Citizen
34. Mr. Marty Ringler, Citizen
35. Ms. Sally Watkins, Citizen
36. Ms. Jackie Conerly, Citizen
37. Ms. Steffanie Budge, Citizen
38. Ms. Billie Holloway, Citizen
39. Ms. Emede Reyes, Citizen
40. Mr. Kelly Moore, Citizen
41. Ms. Sissy Riffin, Citizen
42. Ms. Melissa Mays, Citizen
43. Ms. Belinda Carlton, Citizen
44. Mr. Floyd Edwards, Citizen
45. Ms. Karen Mayeux, Citizen
46. Ms. Bobbye Simon, Citizen
47. Mr. Jerry Sewell, Citizen
48. Ms. Carla Carroll, Guaranty Bank
49. Mr. M. Victor Sedinger, Citizen
50. Mr. Dennis Borel, Coalition of Texans with Disabilities
51. Mr. Stephen S. Allen, Fannie Mae
52. Mr. Daniel Williams, Citizen
53. Mr. Priscilla Althaus, Citizen
54. Ms. April Emmert, Citizen
55. Ms. Dafna Yee, Citizen
56. Ms. Patricia Ellsworth, Citizen
57. Mr. Jay Buxton, Citizen
58. Ms. Malinda Brown, Citizen
59. Ms. Karen Rose, Citizen
60. Ms. Joanne Groshardt, Citizen
61. Mr. Bob Kafka, Citizen

62. Mr. Mike Webb, Citizen
63. Mr. Vernon Whitney, Citizen
64. Ms. Elena Casas, Citizen
65. Mr. Luis Torres, Citizen
66. Ms. Amy Connor, Citizen
67. Ms. Lenore Kinzenbaw, Citizen
68. Ms. Jan Shrode, Citizen
69. Mr. Thomas Windberg, Citizen
70. Ms. Toni Byrd, Citizen
71. Ms. Gayla Smith, Citizen
72. Ms. Erika Parker, Citizen
73. Ms. Betty Nichols, Citizen
74. Ms. Peggy Cosner, Citizen
75. Mr. Norman Kieke, Citizen
76. Mr. Ron Cranston, Citizen
77. Ms. Eileen Boyce, Citizen
78. Ms. Sandra Bookman, Citizen
79. Ms. Mohsen Nazari, Citizen
80. Ms. Marilyn Sneed, Citizen
81. Mr. Dennis Barnes, Citizen
82. Mr. Paul Baganz, Citizen
83. Ms. Amy Mizcles, Citizen
84. Ms. Melissa Escamilla, Citizen
85. Ms. Betty Young, Citizen
86. Mr. Patrick De La Garza Und Senkel, Citizen
87. Ms. JoAnna Guillen, Citizen
88. Ms. Christine Guevara, Citizen
89. Mr. Otis Larry, Citizen
90. Mr. John Sampson, Citizen
91. Mr. Clark Varner, Citizen
92. Ms. Allison Lipnick, Citizen
93. Ms. Pamela Rogers, Citizen
94. Ms. Monica Prather, Citizen
95. Mr. Curt Voelkel, Citizen
96. Mr. Kelly Dietrich, Citizen
97. Mr. William Cady, Citizen
98. Ms. Denise Fenwick, Citizen
99. Mr. John Artz, Citizen
100. Mr. David O'Brien, Housing Opportunities of Fort Worth
101. Ms. Linda Latimer, Citizen
102. Ms. Carla Carroll, Citizen
103. Ms. Ilda Gibson, Citizen
104. Ms. Maria Sustaita, Citizen
105. Ms. Olga Guerra, Citizen
106. Mr. Joe Mata, Citizen
107. Ms. Sharon Gaston, Citizen
108. Ms. Dana Carpenter, Citizen
109. Mr. Henry Greer, Citizen
110. Ms. Brenda Reusser, Citizen
111. Mr. J. Scott Daniels, Citizen
112. Mr. Jeff Garrison-Tate, Disability Policy Consortium
113. Mr. Felix Briones, ADAPT of Texas
114. Mr. Gene Rodgers, Citizen
115. Mr. Stephen Harvey, Heart of Central Texas Independent Living Center in Belton and Waco
116. Mr. Nelson Peet, Citizen
117. Ms. Jennifer McPhail, ADAPT of Texas
118. Mr. James Meadows, Texas Advocates
119. Ms. Cathy Cranston, ADAPT of Texas and Personal Attendant Coalition of Texas
120. Ms. Regina Blye, State Independent Living Council
121. Mr. Danny Saenz ADAPT of Texas
122. Mr. Albert Sparky Metz, Citizen
123. Ms. Angela Lello, Texas Council for Developmental Disabilities
124. Ms. Tonya Winters, Texas Advocates
125. Mr. Carlos Hernandez, Habitat for Humanity Texas
126. Mr. Steven Carriker, TACDC
127. Ms. Gloria Sanderson, Houston LISC
128. Mr. Daniel Williams, Dominion CDC
129. Ms. Lisbeth, Echeandia Habitat for Humanity Fannin Co.
130. Mr. John Burnett Habitat for Humanity Fannin Co.
131. Mr. Wilson F., Habitat for Humanity Fannin Co.
132. Ms. Carol Sloane, Habitat for Humanity Fannin Co.
133. Ms. Eva Fryar, Habitat for Humanity Fannin Co.
134. Mr. Larry Wilson, Habitat for Humanity Fannin Co.
135. Mr. John Denton, Habitat for Humanity Fannin Co.
136. Rev. Marc Hander, Greenville Habitat for Humanity
137. Ms. Seleta Edge, Greenville Habitat for Humanity
138. Mr. Ray Ricks, Habitat for Humanity Fannin Co.
139. Mr. Lloyd Nicholson, Habitat for Humanity Fannin Co.
140. Mr. Neill Morgan, Habitat for Humanity Grayson Co.
141. Mr. John Williams, Habitat for Humanity Grayson Co.
142. Ms. Gwynne Patman, Habitat for Humanity of Greater Garland
143. Mr. Ryan Monroe, Midland Habitat for Humanity
144. Ms. Celeste Faro, Habitat for Humanity of North Central Texas
145. Jt McComb, Wimberley Valley Habitat for Humanity
146. Mr. Vance Hinds Habitat for Humanity of Ellis Co.
147. Laurie Mealy, Habitat for Humanity Grayson Co.
148. Ms. Alynda, Best Midland Habitat for Humanity
149. Mr. Michael Hunter, Hunter & Hunter Consultants
150. Ms. Brenda Lakey, AHCD
151. Ms. Michaelle Wormly, Woman, Inc.
152. Ms. Lori Gibbons, Dominion CDC
153. Mr. Paul Charles, NRCDC
154. Mr. Matt Hull, TACDC
155. Ms. Kathy Flanagan-Payton, Fifth Ward Redevelopment Corp.
156. Mr. Lee Reed, Rio Grande Valley Multibank
157. Ms. Michelle Seymour, Midland Habitat for Humanity (Midland Hearing)

DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
December 14, 2006

Action Item

2007 Regional Allocation Formula Methodology for the HOME Program

The HOME RAF methodology is the same as that used for the Housing Tax Credit (HTC) and Housing Trust Fund (HTF) program which were approved at the November 9, 2006 Board meeting. The final funding distribution for the HOME has program has been calculated and is being presented to the Board at this time as was noted in the November Board Action Request.

Required Action

Board approval of the 2007 HOME Methodology.

- See Attachment A for Public Comments on the Proposed 2007 RAF and the Department's Reasoned Responses
- See Attachment B for a Summary of Changes to the 2007 RAF from the Version Released for Public Comment.
- See Attachment C for the 2007 RAF Funding Distribution for the HOME program.
- See Attachment D for the 2007 RAF Methodology.

Background

§2306.111(d) of the Texas Government Code requires that the Department use the RAF to allocate its HOME, HTF, and HTC funding. The 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.

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 approve the 2007 HOME RAF Methodology.

ATTACHMENT A
PUBLIC COMMENTS ON THE PROPOSED 2007 RAF AND THE DEPARTMENT'S REASONED RESPONSES

[Commenter information is tied to the reference number shown at the end of each comment and in "Table C.1 Commenter Information" at the end of this section.]

1. Inclusion of Measures of the Need for Affordable Housing of Persons with Disabilities

Two people provided comment on the need for the RAF to include a measure of the housing needs of persons with disabilities. The comments urged the Department to examine demographic data from the Center for Medicare and Medicaid Services which surveyed nursing home residents who expressed a desire to move out of such facilities and into other housing. Both commenters recommended that the Department take this information into account when calculating the RAF. (1, 2)

Staff Response:

TDHCA has reviewed the Center for Medicare and Medicaid Services (CMS) data. While it appears a to be a good source of information as to the specific needs of persons who wish to move from nursing home care to living in the community, the RAF has always served a general measure of housing need rather than focusing on the needs of any specific subgroup within of the Texas population. The Department will consider the use of this data in developing specific program criteria, but no changes are proposed to the RAF.

2. Functional and Legislative Issues with the RAF

One commenter provided comment on functional issues associated with the RAF. Firstly, the commenter stated that including overcrowding and substandard housing as "need" factors in the RAF duplicates the "availability of housing resources" criteria, and gives disproportionate advantage to certain regions. (3)

Staff Response:

The Department does not believe that the use of poverty, cost burden, over crowding, and substandard housing represents a duplication of need factors. While there are certainly households who could be affected by each of these problems, overcrowding and substandard housing are distinct types of need. These two issues which describe specific housing conditions occur at different rates across the state. Both issues affect the health, safety, and family structure of the affected households in ways that may be different than households only affected by rental cost burden. Accordingly, overcrowding and cost burden must be assessed as separate needs. The weight the formula gives to these two issues is proportionally sized to the number of households affected.

Secondly, the commenter asserts that the RAF shortchanges rural areas by applying the "availability of housing resources" criteria to each region as a whole rather than separately to the urban/exurban and rural sub-regions. (3)

Staff Response:

The Department does not believe the RAF "shortchanges" rural areas; indeed the RAF appears to provide an increased benefit to rural areas. If the population of rural and urban places were used to allocate funds, the percentage distribution statewide is 16.8 percent rural and 83.1 percent urban/exurban. The RAF based on need indicates this distribution to be 19.6 percent rural and 80.4 percent urban/exurban. When other available resources, which tend to favor urban areas, are considered this distribution increases to 21.4 percent rural and 78.6 percent urban/exurban.

Lastly, the commenter stated that the RAF fails to comply with statute because no adjustment in the proposed RAF exists to “offset under-utilization and over-utilization of multifamily private activity bonds and other housing resources in the different regions of the state.” (3)

Staff Response:
The Department believes the RAF is compliant with statute. Since the RAF was originally created, the Department has carefully revised the RAF to respond to each legislatively required change to the formula. Each of these changes has been released for public comment. The Department has received a letter from one of the original bill’s sponsors that indicates that the RAF’s consideration of “the availability of housing resources” as required by Sec. 2306.111(d) is consistent with the purpose of the law. The available resource portion of the RAF considers the “under-utilization and over-utilization of multifamily private activity bonds and other housing resources in the different regions of the state” required by Sec. 2306.6723(d) in its inclusion of bond activity as well as a wide variety of other resources available for affordable rental housing in each region.

No changes are proposed to the RAF.

3. Consideration of Texas USDA RHS 538 Funds as Available Resources

Three people commented on the need to include USDA RHS 538 funds in the RAF. Commenters urged TDHCA to reconsider the exclusion of the 538 Program from the five percent set-aside in USDA financed developments. (4, 5, 6)

Staff Response:
The 538 funds would appear to meet the requirement that the formula consider “under-utilization and over-utilization of multifamily private activity bonds <u>and other housing resources</u> in the different regions of the state.”

The 538 funds have been included in the RAF as another source of funds used to assess available resources in each region.

4. Consideration of Other Available Resources that Affect the RAF’s Distribution of Funding to a Particular Region

Two people provided specific comment on the RAF’s provision of funding to their specific region. Most of this concern seemed to focus on how the formula considers other available resources. Comment focused on the perceived disadvantage incurred by San Antonio due to the RAF considering “other available resources” such as Bond, HOME and CDBG dollars. (7, 8)

Staff Response:
A specific reference as to how the RAF should consider “the availability of housing resources” is contained in Section 2306.6723(d), Government Code. This section specifies that “The department and the rural development agency [ORCA] shall jointly adjust the regional allocation of housing tax credits described by 2306.111 to offset the under-utilization and over-utilization of multifamily private activity bonds and other housing resources in the different regions of the state.” According to this section, private activity bonds specifically must be considered in the HTC RAF. With regard to how the formula considers available housing resources, only resources related to rental housing activities are included in the RAF’s data. Therefore, the formula does not include CDBG funding because it is almost entirely used for community development. Each Participating Jurisdiction’s use of their HOME funds is evaluated, and only those funds used toward rental development are included in the HTC and HTF RAF.

No changes to the RAF are suggested.

Table C.1 Commenter Information

Reference #	Contact	Organization
1	Ms. Stephanie Thomas	ADAPT
2	Ms. Jean Langendorf	United Cerebral Palsy of Texas
3	Mr. Eric Opiela	Capital Consultants
4	Ms. Ginger Mcguire	Lancaster Pollard
5	Mr. Sox Johnson	Rural Rental Housing Association
6	Mr. Dennis Hoover	Not specified in comment
7	Ms. Debra Guerrero	NRP Group
8	Mr. Jose Menendez	Texas State Representative

ATTACHMENT B
SUMMARY OF CHANGES TO THE 2007 RAF FROM THE VERSION RELEASED FOR PUBLIC COMMENT

In providing reasoned responses to public comment on the RAF's resulting funding distributions, the following modifications to the formula were identified. The changes do not respond to a particular public comment. It was noted while reviewing all the general comment about transferring funds from one region to another, that an adjustment cap is used to limit the amount transferred from one region to another, but a similar cap that would limit how much money goes to a particular region is not in place. Therefore a corresponding formula is now included in the RAF.

Changes being made are noted below.

1. 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. In making this adjustment, a 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. It was noted that the description of this "adjustment cap" in the methodology did not make it clear that funding sources which are not distributed to every region are included in calculating the adjustment cap. The resulting revision is shown below in black line.

   "Sources whose average of the regional differences exceeds five percent <u>or that are not distributed to all regions</u> are included in the resource funding adjustment limit."

2. It was also noted that while the adjustment cap restricted the level of funding that could be transferred from a region it did not correspondingly limit the amount of funding that could be transferred to another region. To ensure that particular regions do not overly benefit from the available funding redistribution, the adjustment cap was extended to regions that receive available funding distributions. The change related to this issue is shown below in black line.

   "A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized <u>or benefited</u> by the resource funding adjustments. ~~The~~ <u>A</u> region's need based funding amount cannot be reduced <u>or increased</u> by more than the percentage of the state's available resources that are not already regionally distributed."

Other annual adjustments to the formula from that shown in the draft include.

1. Updating all of the available funding data. USDA 538 Program funds have been included in the RAF as another source of funds used to assess available resources in each region.
2. The weight associated with the multifamily bond financing adjustment factor was updated from $.52 to $.62 per bond dollar to reflect the current market.
3. The syndication rate for the HTCs was updated from $.90 to $.95 to reflect the current market.

ATTACHMENT C
2007 RAF DISTRIBUTION FOR THE HOME PROGRAM

The resulting funding distributions under the 2007 RAF for the HOME program is below provided.

2007 HOME RAF

Region	Largest Place within the Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$2,096,376	6.1%	$2,096,004	100.0%	$372	0.0%
2	Abilene	$1,564,996	4.5%	$1,528,397	97.7%	$36,599	2.3%
3	Dallas	$6,158,445	17.8%	$1,697,219	27.6%	$4,461,226	72.4%
4	Tyler	$4,209,442	12.1%	$3,709,160	88.1%	$500,282	11.9%
5	Beaumont	$2,087,440	6.0%	$1,771,480	84.9%	$315,960	15.1%
6	Houston	$2,390,795	6.9%	$1,076,716	45.0%	$1,314,079	55.0%
7	Austin	$1,432,347	4.1%	$781,108	54.5%	$651,239	45.5%
8	Waco	$1,163,474	3.4%	$717,572	61.7%	$445,901	38.3%
9	San Antonio	$1,941,552	5.6%	$1,507,178	77.6%	$434,374	22.4%
10	Corpus Christi	$2,538,461	7.3%	$2,071,417	81.6%	$467,044	18.4%
11	Brownsville/Harlingen	$6,245,987	18.0%	$4,111,167	65.8%	$2,134,820	34.2%
12	San Angelo	$1,871,449	5.4%	$705,175	37.7%	$1,166,274	62.3%
13	El Paso	$949,236	2.7%	$609,876	64.2%	$339,360	35.8%
	Total	$34,650,000	100.0%	$22,382,470	64.6%	$12,267,530	35.4%

Funding Distribution Changes between the 2007 and 2006 HOME RAF Allocations

		Difference between 2007 and 2006 RAFs:					
Region	Largest Place within the Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$477,067	-0.9%	$476,943	0.0%	$124	0.0%
2	Abilene	$458,734	-0.2%	$451,791	0.3%	$6,943	-0.3%
3	Dallas	$3,542,835	6.6%	$660,026	-12.1%	$2,882,809	12.1%
4	Tyler	$1,007,863	-1.6%	$1,146,996	8.1%	($139,133)	-8.1%
5	Beaumont	$600,844	-0.3%	$464,631	-3.0%	$136,213	3.0%
6	Houston	$748,979	-0.1%	$451,319	6.9%	$297,660	-6.9%
7	Austin	$450,037	-0.1%	$302,883	5.8%	$147,154	-5.8%
8	Waco	($45,825)	-1.8%	($4,615)	2.0%	($41,210)	-2.0%
9	San Antonio	$547,883	-0.4%	$721,143	21.2%	($173,260)	-21.2%
10	Corpus Christi	$660,333	-0.7%	$800,859	14.0%	($140,526)	-14.0%
11	Brownsville	$2,002,109	-0.2%	$1,248,530	-1.6%	$753,579	1.6%
12	San Angelo	$460,034	-0.6%	$165,228	-0.6%	$294,807	0.6%
13	El Paso	$394,152	0.4%	$258,062	0.9%	$136,090	-0.9%
	Total	$11,305,046	0.0%	$7,143,796	-0.7%	$4,161,250	0.7%

ATTACHMENT D
2007 HOME RAF METHODOLOGY
(RECOMMENDED FOR BOARD APPROVAL)

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.

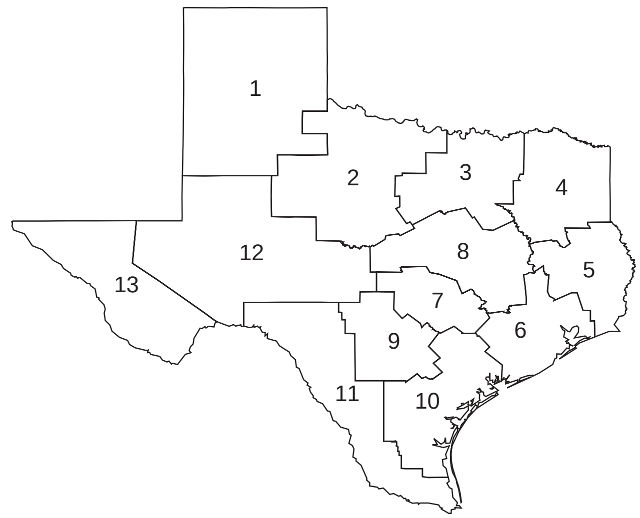

Figure 1. State Service Regions

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).

Á Because the HTC/HTF programs support rental development activities, renter household data is used for the HTC/HTF RAF.

Á 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
- 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)

[1] Estimated capital raised through the syndication of the HTCs.
[2] The value of the bonds is 62 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.]

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 or benefited by the resource funding adjustments. ~~The~~ A region's need based funding amount cannot be reduced or increased 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 or that are not distributed to all regions are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments.

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.
9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and Exurban/Urban Need[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]
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.]

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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[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.

[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.

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.

Rural and Urban/Exurban Available Resources Funding Adjustment

The following steps calculate the rural and urban/exurban area resource funding adjustments.

1. The differences between the rural and urban/exurban resource percentages and rural and urban/exurban need percentages are calculated. The resulting differences show which of the two areas (rural or urban/exurban) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban/exurban area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

Rural and Urban/Exurban Regional Funding Amounts

The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
December 14, 2006

Action Item

2007 Affordable Housing Needs Score Methodology for the HOME Program (2007 HOME AHNS).

The HOME AHNS methodology is the same as that used for the Housing Tax Credit (HTC) and Housing Trust Fund (HTF) program which were approved at the November 9, 2006 Board meeting. The final AHNS list for the HOME program has been generated and is being presented to the Board at this time as was noted in the November Board Action Request.

Required Action

Approval of the 2007 HOME AHNS Methodology is requested.

- See Attachment A for the 2007 HOME AHNS Methodology.
- See Attachment B for the 2007 Scores as Generated by the 2007 HOME AHNS Methodology.

Background

The AHNS scoring criterion is used to evaluate HOME, HTC, and HTF applications. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need. The formula is released annually for public comment. The Board approved the release of the draft AHNS methodology on August 30th, and notification of the 30-day public comment period was published in the Texas Register. TDHCA also held 13 public hearings around the state of Texas to gather comment. The final methodology and resulting scores will be 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," and
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

The HOME and HTF/HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas.

Public Comment on the Proposed AHNS Methodology

Only one public comment on the AHNS was provided. A representative of the Midland Affordable Housing Alliance voiced a concern over the impact a decrease in Midland's AHNS would have on the city's ability to submit competative HTC applications.

Staff Response:
The one-point decrease in Midland's score resulted from a change in the proposed AHNS methodology. This revision generated an AHNS that was based purely on local need as opposed to county and local need. The proposed 2007 AHNS Methodology contained a change which addressed an imbalance between the AHNS of communities located within and outside of large MSAs. This scoring difference was related to having half of the score being tied to 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 communities within those counties were receiving a scoring boost based on the overall need in the county.

The Department believes this change was appropriate and provides for more appropriate regional allocation of funding. No changes are recommended to the AHNS methodology based on public comment. The scores have been updated to reflect TDHCA 2007 multifamily rental development funding awards.

Recommendation

Approval of the 2007 HOME AHNS Methodology.

ATTACHMENT A

2007 HOME AHNS METHODOLOGY
(RECOMMENDED FOR BOARD APPROVAL)

Background

The AHNS scoring criterion is used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

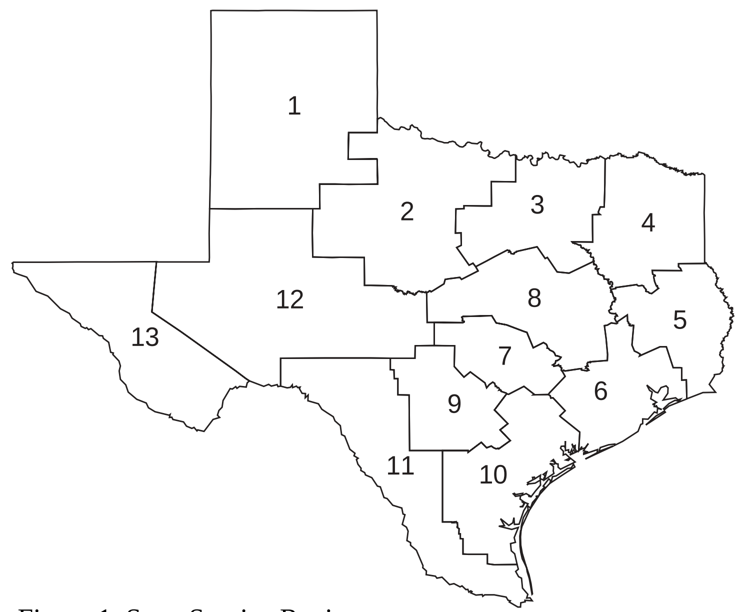

Figure 1. State Service Regions

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.

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.

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.

   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 an 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]
   c. 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.
4. 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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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.

ATTACHMENT B - 2007 HOME Affordable Housing Need Scores (AHNS)

Place Level (Sorted by Region then Place Name.)

Use this table to determine the AHNS of an application that will serve a **single** place.

Special Circumstances

(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.

(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.

All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	6	6	5
1	Adrian	Oldham	159	Rural	7	7	7
1	Amherst	Lamb	791	Rural	5	5	7
1	Anton	Hockley	1,200	Rural	4	4	6
1	Bishop Hills	Potter	210	Rural	4	4	7
1	Booker	Lipscomb	1,315	Rural	6	6	4
1	Borger	Hutchinson	14,302	Rural	5	6	4
1	Bovina	Parmer	1,874	Rural	5	4	4
1	Brownfield	Terry	9,488	Rural	7	7	5
1	Buffalo Springs	Lubbock	493	Rural	5	5	5
1	Cactus	Moore	2,538	Rural	4	4	5
1	Canadian	Hemphill	2,233	Rural	6	6	5
1	Canyon	Randall	12,875	Rural	7	7	4
1	Channing	Hartley	356	Rural	7	7	5
1	Childress	Childress	6,778	Rural	5	6	4
1	Clarendon	Donley	1,974	Rural	6	6	4
1	Claude	Armstrong	1,313	Rural	7	7	5
1	Crosbyton	Crosby	1,874	Rural	6	6	4
1	Dalhart	Dallam	7,237	Rural	7	7	5
1	Darrouzett	Lipscomb	303	Rural	7	7	7
1	Denver City	Yoakum	3,985	Rural	5	5	7
1	Dickens	Dickens	332	Rural	7	7	7
1	Dimmitt	Castro	4,375	Rural	6	5	6
1	Dodson	Collingsworth	115	Rural	7	7	7
1	Dumas	Moore	13,747	Rural	5	5	4
1	Earth	Lamb	1,109	Rural	5	5	6
1	Edmonson	Hale	123	Rural	4	4	6
1	Estelline	Hall	168	Rural	7	7	7
1	Farwell	Parmer	1,364	Rural	7	7	5
1	Floydada	Floyd	3,676	Rural	6	6	4
1	Follett	Lipscomb	412	Rural	4	4	7
1	Friona	Parmer	3,854	Rural	6	6	4
1	Fritch	Hutchinson	2,235	Rural	6	6	5
1	Groom	Carson	587	Rural	7	7	7
1	Gruver	Hansford	1,162	Rural	6	6	5
1	Hale Center	Hale	2,263	Rural	6	6	5
1	Happy	Swisher	647	Rural	5	5	6
1	Hart	Castro	1,198	Rural	5	5	5
1	Hartley	Hartley	441	Rural	6	6	6
1	Hedley	Donley	379	Rural	7	7	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hereford	Deaf Smith	14,597	Rural	4	5	5
1	Higgins	Lipscomb	425	Rural	4	4	7
1	Howardwick	Donley	437	Rural	7	7	5
1	Idalou	Lubbock	2,157	Rural	4	4	4
1	Kress	Swisher	826	Rural	6	6	5
1	Lake Tanglewood	Randall	825	Rural	7	7	4
1	Lakeview	Hall	152	Rural	7	7	4
1	Lefors	Gray	559	Rural	4	4	6
1	Levelland	Hockley	12,866	Rural	7	7	6
1	Lipscomb	Lipscomb	44	Rural	4	4	4
1	Littlefield	Lamb	6,507	Rural	7	7	5
1	Lockney	Floyd	2,056	Rural	5	4	5
1	Lorenzo	Crosby	1,372	Rural	5	5	5
1	Matador	Motley	740	Rural	5	5	4
1	McLean	Gray	830	Rural	6	6	7
1	Meadow	Terry	658	Rural	4	4	5
1	Memphis	Hall	2,479	Rural	6	6	4
1	Miami	Roberts	588	Rural	7	7	5
1	Mobeetie	Wheeler	107	Rural	4	4	4
1	Morse	Hansford	172	Rural	5	5	7
1	Morton	Cochran	2,249	Rural	5	4	4
1	Muleshoe	Bailey	4,530	Rural	4	4	5
1	Nazareth	Castro	356	Rural	5	5	5
1	New Deal	Lubbock	708	Rural	6	6	4
1	New Home	Lynn	320	Rural	5	5	4
1	O'Donnell	Lynn	1,011	Rural	4	4	4
1	Olton	Lamb	2,288	Rural	5	5	5
1	Opdyke West	Hockley	188	Rural	5	5	7
1	Palisades	Randall	352	Rural	6	6	5
1	Pampa	Gray	17,887	Rural	6	6	5
1	Panhandle	Carson	2,589	Rural	5	5	4
1	Perryton	Ochiltree	7,774	Rural	4	5	4
1	Petersburg	Hale	1,262	Rural	4	4	4
1	Plains	Yoakum	1,450	Rural	6	6	4
1	Plainview	Hale	22,336	Rural	6	6	5
1	Post	Garza	3,708	Rural	7	7	7
1	Quail	Collingsworth	33	Rural	4	4	4
1	Quitaque	Briscoe	432	Rural	7	7	6
1	Ralls	Crosby	2,252	Rural	6	6	7
1	Ransom Canyon	Lubbock	1,011	Rural	5	5	4
1	Reese Center	Lubbock	42	Urb./Exurb.	4	4	7
1	Roaring Springs	Motley	265	Rural	4	4	4
1	Ropesville	Hockley	517	Rural	4	4	4
1	Samnorwood	Collingsworth	39	Rural	4	4	4
1	Sanford	Hutchinson	203	Rural	6	6	5
1	Seth Ward	Hale	1,926	Rural	6	6	7
1	Shallowater	Lubbock	2,086	Rural	7	7	6
1	Shamrock	Wheeler	2,029	Rural	6	6	7
1	Silverton	Briscoe	771	Rural	6	6	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Skellytown	Carson	610	Rural	4	4	7
1	Slaton	Lubbock	6,109	Rural	6	6	7
1	Smyer	Hockley	480	Rural	5	5	7
1	Spade	Lamb	100	Rural	6	6	4
1	Spearman	Hansford	3,021	Rural	4	4	5
1	Springlake	Lamb	135	Rural	7	7	4
1	Spur	Dickens	1,088	Rural	5	5	6
1	Stinnett	Hutchinson	1,936	Rural	6	6	5
1	Stratford	Sherman	1,991	Rural	4	4	4
1	Sudan	Lamb	1,039	Rural	6	5	4
1	Sundown	Hockley	1,505	Rural	5	5	5
1	Sunray	Moore	1,950	Rural	5	5	4
1	Tahoka	Lynn	2,910	Rural	5	4	7
1	Texhoma	Sherman	371	Rural	7	7	7
1	Texline	Dallam	511	Rural	5	5	6
1	Timbercreek Canyon	Randall	406	Rural	4	4	4
1	Tulia	Swisher	5,117	Rural	5	5	5
1	Turkey	Hall	494	Rural	4	4	7
1	Vega	Oldham	936	Rural	6	6	7
1	Wellington	Collingsworth	2,275	Rural	5	5	6
1	Wellman	Terry	203	Rural	5	4	7
1	Wheeler	Wheeler	1,378	Rural	5	5	4
1	White Deer	Carson	1,060	Rural	6	6	4
1	Whiteface	Cochran	465	Rural	4	4	7
1	Wilson	Lynn	532	Rural	4	4	5
1	Wolfforth	Lubbock	2,554	Rural	6	6	7
2	Albany	Shackelford	1,921	Rural	6	6	4
2	Anson	Jones	2,556	Rural	4	4	6
2	Archer City	Archer	1,848	Rural	5	5	4
2	Aspermont	Stonewall	1,021	Rural	5	5	6
2	Baird	Callahan	1,623	Rural	4	6	5
2	Ballinger	Runnels	4,243	Rural	7	7	7
2	Bangs	Brown	1,620	Rural	6	6	7
2	Bellevue	Clay	386	Rural	6	6	6
2	Benjamin	Knox	264	Rural	4	4	7
2	Blackwell	Nolan	360	Rural	6	6	4
2	Blanket	Brown	402	Rural	7	7	6
2	Bowie	Montague	5,219	Rural	7	7	7
2	Breckenridge	Stephens	5,868	Rural	6	5	4
2	Brownwood	Brown	18,813	Rural	6	7	5
2	Bryson	Jack	528	Rural	6	6	7
2	Buffalo Gap	Taylor	463	Rural	5	5	4
2	Burkburnett	Wichita	10,927	Rural	6	6	4
2	Byers	Clay	517	Rural	7	7	6
2	Carbon	Eastland	224	Rural	4	4	4
2	Chillicothe	Hardeman	798	Rural	7	7	4
2	Cisco	Eastland	3,851	Rural	7	7	5
2	Clyde	Callahan	3,345	Rural	6	6	5
2	Coleman	Coleman	5,127	Rural	6	6	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Colorado City	Mitchell	4,281	Rural	7	6	7
2	Comanche	Comanche	4,482	Rural	7	7	5
2	Cross Plains	Callahan	1,068	Rural	4	6	7
2	Crowell	Foard	1,141	Rural	6	6	6
2	De Leon	Comanche	2,433	Rural	6	6	6
2	Dean	Clay	341	Rural	7	7	6
2	Early	Brown	2,588	Rural	5	5	5
2	Eastland	Eastland	3,769	Rural	4	7	7
2	Elbert	Throckmorton	56	Rural	7	7	4
2	Electra	Wichita	3,168	Rural	6	6	6
2	Girard	Kent	62	Rural	4	4	7
2	Goree	Knox	321	Rural	4	4	7
2	Gorman	Eastland	1,236	Rural	4	4	4
2	Graham	Young	8,716	Rural	5	5	5
2	Gustine	Comanche	457	Rural	7	7	7
2	Hamlin	Jones	2,248	Rural	5	5	7
2	Haskell	Haskell	3,106	Rural	6	6	7
2	Hawley	Jones	646	Rural	7	7	5
2	Henrietta	Clay	3,264	Rural	6	6	5
2	Hermleigh	Scurry	393	Rural	6	6	7
2	Holliday	Archer	1,632	Rural	4	4	6
2	Impact	Taylor	39	Urb./Exurb.	4	4	4
2	Iowa Park	Wichita	6,431	Rural	6	6	4
2	Jacksboro	Jack	4,533	Rural	6	6	6
2	Jayton	Kent	513	Rural	4	4	4
2	Jolly	Clay	188	Rural	7	7	7
2	Knox City	Knox	1,219	Rural	5	5	7
2	Lake Brownwood	Brown	1,694	Rural	7	7	7
2	Lawn	Taylor	353	Rural	4	4	5
2	Loraine	Mitchell	656	Rural	6	6	4
2	Lueders	Jones	300	Rural	5	5	7
2	Megargel	Archer	248	Rural	4	4	4
2	Merkel	Taylor	2,637	Rural	6	6	4
2	Miles	Runnels	850	Rural	6	6	6
2	Moran	Shackelford	233	Rural	5	5	6
2	Munday	Knox	1,527	Rural	4	4	4
2	Newcastle	Young	575	Rural	6	6	5
2	Nocona	Montague	3,198	Rural	5	4	4
2	Novice	Coleman	142	Rural	4	4	4
2	O'Brien	Haskell	132	Rural	4	4	7
2	Olney	Young	3,396	Rural	5	5	6
2	Paducah	Cottle	1,498	Rural	5	5	4
2	Petrolia	Clay	782	Rural	7	7	4
2	Pleasant Valley	Wichita	408	Urb./Exurb.	7	7	6
2	Potosi	Taylor	1,664	Urb./Exurb.	7	7	4
2	Putnam	Callahan	88	Rural	7	7	5
2	Quanah	Hardeman	3,022	Rural	7	7	4
2	Ranger	Eastland	2,584	Rural	5	4	7
2	Rising Star	Eastland	835	Rural	5	5	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Roby	Fisher	673	Rural	6	6	4
2	Rochester	Haskell	378	Rural	5	5	5
2	Roscoe	Nolan	1,378	Rural	5	4	5
2	Rotan	Fisher	1,611	Rural	5	5	4
2	Rule	Haskell	698	Rural	6	6	6
2	Santa Anna	Coleman	1,081	Rural	4	5	5
2	Scotland	Archer	438	Rural	4	4	6
2	Seymour	Baylor	2,908	Rural	5	5	4
2	Snyder	Scurry	10,783	Rural	5	5	5
2	St. Jo	Montague	977	Rural	4	4	6
2	Stamford	Jones	3,636	Rural	5	5	5
2	Sunset	Montague	339	Rural	4	4	7
2	Sweetwater	Nolan	11,415	Rural	6	6	5
2	Throckmorton	Throckmorton	905	Rural	4	4	4
2	Trent	Taylor	318	Rural	7	7	4
2	Tuscola	Taylor	714	Rural	4	4	4
2	Tye	Taylor	1,158	Urb./Exurb.	7	7	5
2	Vernon	Wilbarger	11,660	Rural	4	5	5
2	Weinert	Haskell	177	Rural	7	7	5
2	Westbrook	Mitchell	203	Rural	6	6	5
2	Windthorst	Archer	440	Rural	4	4	7
2	Winters	Runnels	2,880	Rural	4	4	5
2	Woodson	Throckmorton	296	Rural	5	5	5
3	Addison	Dallas	14,166	Urb./Exurb.	5	5	4
3	Aledo	Parker	1,726	Rural	6	6	6
3	Allen	Collin	43,554	Urb./Exurb.	6	6	4
3	Alma	Ellis	302	Rural	7	7	7
3	Alvarado	Johnson	3,288	Rural	5	4	6
3	Alvord	Wise	1,007	Rural	6	6	4
3	Angus	Navarro	334	Rural	6	6	6
3	Anna	Collin	1,225	Rural	6	5	4
3	Annetta	Parker	1,108	Rural	7	7	4
3	Annetta North	Parker	467	Rural	7	7	4
3	Annetta South	Parker	555	Rural	7	7	4
3	Argyle	Denton	2,365	Urb./Exurb.	5	5	4
3	Aubrey	Denton	1,500	Rural	7	6	6
3	Aurora	Wise	853	Rural	7	7	7
3	Bailey	Fannin	213	Rural	7	7	4
3	Bardwell	Ellis	583	Rural	4	4	7
3	Barry	Navarro	209	Rural	7	7	5
3	Bartonville	Denton	1,093	Rural	4	4	4
3	Bells	Grayson	1,190	Rural	6	6	6
3	Blooming Grove	Navarro	833	Rural	5	5	6
3	Blue Ridge	Collin	672	Rural	6	6	7
3	Bonham	Fannin	9,990	Rural	7	6	6
3	Boyd	Wise	1,099	Rural	5	5	6
3	Briar	Tarrant	5,350	Rural	4	4	6
3	Briaroaks	Johnson	493	Rural	4	4	5
3	Bridgeport	Wise	4,309	Rural	4	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Caddo Mills	Hunt	1,149	Rural	7	6	6
3	Callisburg	Cooke	365	Rural	5	5	7
3	Campbell	Hunt	734	Rural	6	6	7
3	Carrollton	Denton	109,576	Urb./Exurb.	5	5	4
3	Celeste	Hunt	817	Rural	5	4	6
3	Celina	Collin	1,861	Urb./Exurb.	5	4	6
3	Chico	Wise	947	Rural	6	6	6
3	Cleburne	Johnson	26,005	Urb./Exurb.	5	6	6
3	Colleyville	Tarrant	19,636	Urb./Exurb.	5	5	4
3	Collinsville	Grayson	1,235	Rural	4	4	5
3	Commerce	Hunt	7,669	Rural	7	7	4
3	Cool	Parker	162	Rural	7	7	7
3	Copper Canyon	Denton	1,216	Urb./Exurb.	7	7	4
3	Corinth	Denton	11,325	Urb./Exurb.	4	5	4
3	Corral City	Denton	89	Rural	4	4	7
3	Corsicana	Navarro	24,485	Rural	6	6	6
3	Cottonwood	Kaufman	181	Rural	4	4	6
3	Crandall	Kaufman	2,774	Rural	5	5	5
3	Cross Roads	Denton	603	Rural	4	4	7
3	Cross Timber	Johnson	277	Rural	7	7	5
3	Dawson	Navarro	852	Rural	4	4	5
3	Decatur	Wise	5,201	Rural	5	5	6
3	Denison	Grayson	22,773	Urb./Exurb.	5	6	6
3	DeSoto	Dallas	37,646	Urb./Exurb.	4	7	5
3	Dodd City	Fannin	419	Rural	7	7	6
3	Dorchester	Grayson	109	Urb./Exurb.	4	4	7
3	Double Oak	Denton	2,179	Urb./Exurb.	7	7	4
3	Dublin	Erath	3,754	Rural	5	5	6
3	Eagle Mountain	Tarrant	6,599	Urb./Exurb.	5	5	5
3	Ector	Fannin	600	Rural	6	6	4
3	Edgecliff Village	Tarrant	2,550	Urb./Exurb.	7	6	5
3	Emhouse	Navarro	159	Rural	4	4	4
3	Ennis	Ellis	16,045	Rural	4	5	6
3	Euless	Tarrant	46,005	Urb./Exurb.	5	5	4
3	Eureka	Navarro	340	Rural	4	4	6
3	Fairview	Collin	2,644	Urb./Exurb.	7	7	4
3	Farmersville	Collin	3,118	Rural	5	4	4
3	Fate	Rockwall	497	Rural	7	7	5
3	Ferris	Ellis	2,175	Rural	5	5	4
3	Flower Mound	Denton	50,702	Urb./Exurb.	5	5	4
3	Forney	Kaufman	5,588	Rural	6	6	6
3	Frisco	Collin	33,714	Urb./Exurb.	6	6	4
3	Frost	Navarro	648	Rural	6	6	7
3	Gainesville	Cooke	15,538	Rural	5	6	5
3	Garrett	Ellis	448	Rural	7	7	7
3	Glen Rose	Somervell	2,122	Rural	5	5	6
3	Godley	Johnson	879	Rural	7	7	5
3	Goodlow	Navarro	264	Rural	4	4	7
3	Gordon	Palo Pinto	451	Rural	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Graford	Palo Pinto	578	Rural	5	5	5
3	Granbury	Hood	5,718	Rural	7	7	5
3	Grandview	Johnson	1,358	Rural	6	6	7
3	Grays Prairie	Kaufman	296	Rural	7	7	4
3	Greenville	Hunt	23,960	Urb./Exurb.	5	6	6
3	Gunter	Grayson	1,230	Rural	6	5	4
3	Hackberry	Denton	544	Urb./Exurb.	7	7	7
3	Hawk Cove	Hunt	457	Rural	4	4	6
3	Heath	Rockwall	4,149	Urb./Exurb.	4	4	4
3	Hebron	Denton	874	Urb./Exurb.	4	4	4
3	Hickory Creek	Denton	2,078	Urb./Exurb.	5	5	5
3	Highland Village	Denton	12,173	Urb./Exurb.	6	6	4
3	Honey Grove	Fannin	1,746	Rural	4	6	5
3	Howe	Grayson	2,478	Urb./Exurb.	6	6	7
3	Hudson Oaks	Parker	1,637	Rural	7	7	4
3	Italy	Ellis	1,993	Rural	5	5	5
3	Josephine	Collin	594	Rural	7	7	4
3	Joshua	Johnson	4,528	Urb./Exurb.	5	5	5
3	Justin	Denton	1,891	Rural	6	6	5
3	Kaufman	Kaufman	6,490	Rural	5	5	7
3	Keene	Johnson	5,003	Rural	6	6	7
3	Kemp	Kaufman	1,133	Rural	7	7	6
3	Kerens	Navarro	1,681	Rural	6	6	6
3	Knollwood	Grayson	375	Urb./Exurb.	7	7	7
3	Krugerville	Denton	903	Rural	7	7	6
3	Krum	Denton	1,979	Rural	4	4	5
3	Ladonia	Fannin	667	Rural	4	4	7
3	Lake Bridgeport	Wise	372	Rural	4	4	5
3	Lake Dallas	Denton	6,166	Rural	6	5	5
3	Lake Kiowa	Cooke	1,883	Rural	4	4	4
3	Lakewood Village	Denton	342	Rural	7	7	6
3	Lavon	Collin	387	Rural	4	4	5
3	Leonard	Fannin	1,846	Rural	6	6	5
3	Lewisville	Denton	77,737	Urb./Exurb.	6	6	4
3	Lincoln Park	Denton	517	Rural	5	5	7
3	Lindsay (Cooke)	Cooke	788	Rural	5	5	4
3	Lipan	Hood	425	Rural	4	4	6
3	Little Elm	Denton	3,646	Urb./Exurb.	4	5	6
3	Lone Oak	Hunt	521	Rural	4	4	7
3	Lowry Crossing	Collin	1,229	Urb./Exurb.	7	7	4
3	Lucas	Collin	2,890	Urb./Exurb.	7	7	4
3	Mabank	Kaufman	2,151	Rural	5	7	6
3	Marshall Creek	Denton	431	Rural	7	7	7
3	Maypearl	Ellis	746	Rural	6	5	6
3	McKinney	Collin	54,369	Urb./Exurb.	5	6	4
3	McLendon-Chisholm	Rockwall	914	Rural	7	7	4
3	Melissa	Collin	1,350	Urb./Exurb.	6	6	5
3	Mesquite	Dallas	124,523	Urb./Exurb.	5	6	5
3	Midlothian	Ellis	7,480	Urb./Exurb.	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Mildred	Navarro	405	Rural	7	7	6
3	Milford	Ellis	685	Rural	4	4	7
3	Millsap	Parker	353	Rural	4	4	5
3	Mineral Wells	Palo Pinto	16,946	Rural	6	6	6
3	Mingus	Palo Pinto	246	Rural	7	7	4
3	Mobile City	Rockwall	196	Rural	4	4	7
3	Muenster	Cooke	1,556	Rural	6	6	6
3	Murphy	Collin	3,099	Urb./Exurb.	7	6	4
3	Mustang	Navarro	47	Rural	4	4	7
3	Navarro	Navarro	191	Rural	4	4	4
3	Nevada	Collin	563	Rural	5	5	4
3	New Fairview	Wise	877	Rural	5	5	7
3	New Hope	Collin	662	Rural	4	4	4
3	Newark	Wise	887	Rural	6	6	6
3	Neylandville	Hunt	56	Rural	4	4	7
3	Northlake	Denton	921	Urb./Exurb.	5	5	7
3	Oak Grove	Kaufman	710	Rural	7	7	4
3	Oak Leaf	Ellis	1,209	Rural	7	7	4
3	Oak Point	Denton	1,747	Rural	6	5	5
3	Oak Ridge (Cooke)	Cooke	224	Rural	6	6	7
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	7	7	7
3	Oak Trail Shores	Hood	2,475	Rural	4	4	7
3	Oak Valley	Navarro	401	Rural	6	6	6
3	Ovilla	Ellis	3,405	Urb./Exurb.	7	7	5
3	Palmer	Ellis	1,774	Rural	4	4	7
3	Paradise	Wise	459	Rural	7	7	7
3	Parker	Collin	1,379	Urb./Exurb.	4	4	4
3	Pecan Acres	Wise	2,289	Rural	7	7	5
3	Pecan Hill	Ellis	672	Rural	6	6	5
3	Pecan Plantation	Hood	3,544	Rural	6	5	4
3	Pelican Bay	Tarrant	1,505	Rural	6	6	7
3	Pilot Point	Denton	3,538	Rural	5	5	6
3	Ponder	Denton	507	Rural	5	4	4
3	Post Oak Bend City	Kaufman	404	Rural	5	5	6
3	Pottsboro	Grayson	1,579	Rural	5	5	4
3	Powell	Navarro	105	Rural	4	4	7
3	Princeton	Collin	3,477	Urb./Exurb.	6	5	6
3	Prosper	Collin	2,097	Urb./Exurb.	5	5	5
3	Quinlan	Hunt	1,370	Rural	7	7	5
3	Ravenna	Fannin	215	Rural	4	4	7
3	Red Oak	Ellis	4,301	Urb./Exurb.	6	6	6
3	Rendon	Tarrant	9,022	Urb./Exurb.	4	4	6
3	Reno (Parker)	Parker	2,441	Rural	6	6	6
3	Retreat	Navarro	339	Rural	5	5	7
3	Rhome	Wise	551	Rural	6	5	7
3	Rice	Navarro	798	Rural	6	6	5
3	Richardson	Dallas	91,802	Urb./Exurb.	5	5	4
3	Richland	Navarro	291	Rural	7	7	7
3	Rio Vista	Johnson	656	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Roanoke	Denton	2,810	Urb./Exurb.	6	5	6
3	Rockwall	Rockwall	17,976	Urb./Exurb.	4	5	5
3	Rosser	Kaufman	379	Rural	7	7	4
3	Royse City	Rockwall	2,957	Rural	5	5	7
3	Runaway Bay	Wise	1,104	Rural	6	6	6
3	Sadler	Grayson	404	Rural	7	7	6
3	Sanctuary	Parker	256	Rural	7	7	6
3	Sanger	Denton	4,534	Rural	4	5	6
3	Savoy	Fannin	850	Rural	6	6	4
3	Shady Shores	Denton	1,461	Urb./Exurb.	4	4	6
3	Sherman	Grayson	35,082	Urb./Exurb.	6	6	6
3	Southmayd	Grayson	992	Rural	5	5	5
3	Springtown	Parker	2,062	Rural	4	6	6
3	St. Paul (Collin)	Collin	630	Rural	4	4	4
3	Stephenville	Erath	14,921	Rural	7	7	6
3	Strawn	Palo Pinto	739	Rural	5	5	7
3	Sunnyvale	Dallas	2,693	Urb./Exurb.	4	4	6
3	Talty	Kaufman	1,028	Rural	4	4	4
3	Terrell	Kaufman	13,606	Rural	6	7	6
3	The Colony	Denton	26,531	Urb./Exurb.	5	5	4
3	Tioga	Grayson	754	Rural	4	4	5
3	Tolar	Hood	504	Rural	5	5	4
3	Tom Bean	Grayson	941	Rural	4	4	6
3	Trenton	Fannin	662	Rural	5	5	4
3	Trophy Club	Denton	6,350	Urb./Exurb.	5	5	4
3	Valley View	Cooke	737	Rural	5	5	4
3	Van Alstyne	Grayson	2,502	Rural	4	4	4
3	Venus	Johnson	910	Rural	4	4	5
3	Waxahachie	Ellis	21,426	Urb./Exurb.	4	6	6
3	Weatherford	Parker	19,000	Rural	5	6	5
3	West Tawakoni	Hunt	1,462	Rural	7	6	6
3	Westminster	Collin	390	Rural	4	4	6
3	Weston	Collin	635	Urb./Exurb.	5	5	4
3	Westover Hills	Tarrant	658	Urb./Exurb.	4	4	4
3	Whitesboro	Grayson	3,760	Rural	6	6	5
3	Whitewright	Grayson	1,740	Rural	6	6	6
3	Willow Park	Parker	2,849	Rural	4	4	4
3	Windom	Fannin	245	Rural	4	4	6
3	Wolfe City	Hunt	1,566	Rural	6	6	5
3	Wylie	Collin	15,132	Rural	4	5	6
4	Alba	Wood	430	Rural	7	7	7
4	Alto	Cherokee	1,190	Rural	5	5	5
4	Annona	Red River	282	Rural	7	7	7
4	Arp	Smith	901	Rural	4	4	5
4	Athens	Henderson	11,297	Rural	5	6	5
4	Atlanta	Cass	5,745	Rural	5	5	6
4	Avery	Red River	462	Rural	6	6	4
4	Avinger	Cass	464	Rural	7	7	6
4	Beckville	Panola	752	Rural	6	6	5

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4	Berryville	Henderson	891	Rural	5	5	7
4	Big Sandy	Upshur	1,288	Rural	4	4	7
4	Bloomburg	Cass	375	Rural	4	4	7
4	Blossom	Lamar	1,439	Rural	5	5	4
4	Bogata	Red River	1,396	Rural	4	4	5
4	Brownsboro	Henderson	796	Rural	7	7	6
4	Bullard	Smith	1,150	Rural	6	6	5
4	Caney City	Henderson	236	Rural	7	7	7
4	Canton	Van Zandt	3,292	Rural	5	5	5
4	Carthage	Panola	6,664	Rural	6	6	5
4	Chandler	Henderson	2,099	Rural	5	5	4
4	Clarksville	Red River	3,883	Rural	6	5	4
4	Clarksville City	Gregg	806	Rural	5	5	6
4	Coffee City	Henderson	193	Rural	4	4	7
4	Como	Hopkins	621	Rural	5	5	6
4	Cooper	Delta	2,150	Rural	7	7	6
4	Cumby	Hopkins	616	Rural	6	6	5
4	Cuney	Cherokee	145	Rural	5	5	7
4	Daingerfield	Morris	2,517	Rural	7	7	4
4	De Kalb	Bowie	1,769	Rural	7	6	5
4	Deport	Lamar	718	Rural	5	5	4
4	Detroit	Red River	776	Rural	5	5	5
4	Domino	Cass	52	Rural	4	4	4
4	Douglassville	Cass	175	Rural	4	4	4
4	East Mountain	Upshur	580	Rural	5	5	5
4	East Tawakoni	Rains	775	Rural	7	7	4
4	Easton	Gregg	524	Rural	4	4	6
4	Edgewood	Van Zandt	1,348	Rural	6	6	6
4	Edom	Van Zandt	322	Rural	7	7	6
4	Elkhart	Anderson	1,215	Rural	6	6	6
4	Emory	Rains	1,021	Rural	7	7	5
4	Enchanted Oaks	Henderson	357	Rural	7	7	5
4	Eustace	Henderson	798	Rural	4	4	4
4	Frankston	Anderson	1,209	Rural	5	5	5
4	Fruitvale	Van Zandt	418	Rural	5	5	4
4	Gallatin	Cherokee	378	Rural	5	5	6
4	Gary City	Panola	303	Rural	4	4	4
4	Gilmer	Upshur	4,799	Rural	7	7	5
4	Gladewater	Gregg	6,078	Rural	7	7	5
4	Grand Saline	Van Zandt	3,028	Rural	4	4	5
4	Gun Barrel City	Henderson	5,145	Rural	6	5	6
4	Hallsville	Harrison	2,772	Rural	4	4	4
4	Hawkins	Wood	1,331	Rural	7	7	6
4	Henderson	Rusk	11,273	Rural	4	4	4
4	Hooks	Bowie	2,973	Rural	5	5	5
4	Hughes Springs	Cass	1,856	Rural	5	4	4
4	Jacksonville	Cherokee	13,868	Rural	5	6	5
4	Jefferson	Marion	2,024	Rural	7	7	6
4	Kilgore	Gregg	11,301	Rural	5	5	5

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4	Lakeport	Gregg	861	Rural	5	5	6
4	Leary	Bowie	555	Rural	4	4	6
4	Liberty City	Gregg	1,935	Rural	5	4	4
4	Lindale	Smith	2,954	Rural	6	5	5
4	Linden	Cass	2,256	Rural	5	5	4
4	Log Cabin	Henderson	733	Rural	7	7	4
4	Lone Star	Morris	1,631	Rural	5	6	4
4	Malakoff	Henderson	2,257	Rural	6	6	6
4	Marietta	Cass	112	Rural	4	4	7
4	Marshall	Harrison	23,935	Rural	5	5	5
4	Maud	Bowie	1,028	Rural	7	7	5
4	Miller's Cove	Titus	120	Rural	6	6	7
4	Mineola	Wood	4,550	Rural	6	6	4
4	Moore Station	Henderson	184	Rural	7	7	7
4	Mount Enterprise	Rusk	525	Rural	5	4	6
4	Mount Pleasant	Titus	13,935	Rural	5	5	5
4	Mount Vernon	Franklin	2,286	Rural	4	6	6
4	Murchison	Henderson	592	Rural	4	4	5
4	Naples	Morris	1,410	Rural	7	7	6
4	Nash	Bowie	2,169	Urb./Exurb.	6	5	6
4	Nesbitt	Harrison	302	Rural	4	4	7
4	New Boston	Bowie	4,808	Rural	7	7	5
4	New Chapel Hill	Smith	553	Rural	4	4	7
4	New London	Rusk	987	Rural	6	6	5
4	New Summerfield	Cherokee	998	Rural	5	4	4
4	Noonday	Smith	515	Rural	5	5	4
4	Omaha	Morris	999	Rural	7	7	5
4	Ore City	Upshur	1,106	Rural	7	7	6
4	Overton	Rusk	2,350	Rural	7	7	6
4	Palestine	Anderson	17,598	Rural	6	6	6
4	Paris	Lamar	25,898	Rural	6	7	5
4	Payne Springs	Henderson	683	Rural	4	4	4
4	Pecan Gap	Delta	214	Rural	6	6	7
4	Pittsburg	Camp	4,347	Rural	4	5	5
4	Point	Rains	792	Rural	7	7	7
4	Poynor	Henderson	314	Rural	7	7	5
4	Queen City	Cass	1,613	Rural	7	7	5
4	Quitman	Wood	2,030	Rural	5	5	6
4	Red Lick	Bowie	853	Rural	7	7	4
4	Redwater	Bowie	872	Rural	5	5	7
4	Reklaw	Cherokee	327	Rural	4	4	7
4	Reno (Lamar)	Lamar	2,767	Rural	4	4	4
4	Rocky Mound	Camp	93	Rural	4	4	7
4	Roxton	Lamar	694	Rural	6	6	6
4	Rusk	Cherokee	5,085	Rural	6	6	4
4	Scottsville	Harrison	263	Rural	5	5	7
4	Seven Points	Henderson	1,145	Rural	4	7	7
4	Star Harbor	Henderson	416	Rural	4	4	4
4	Sulphur Springs	Hopkins	14,551	Rural	6	6	5

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4	Sun Valley	Lamar	51	Rural	4	4	7
4	Talco	Titus	570	Rural	6	6	7
4	Tatum	Rusk	1,175	Rural	6	6	5
4	Texarkana	Bowie	34,782	Urb./Exurb.	5	6	4
4	Tira	Hopkins	248	Rural	4	4	7
4	Toco	Lamar	89	Rural	7	7	7
4	Tool	Henderson	2,275	Rural	4	4	5
4	Trinidad	Henderson	1,091	Rural	6	6	4
4	Troup	Smith	1,949	Rural	6	5	6
4	Uncertain	Harrison	150	Rural	7	7	7
4	Union Grove	Upshur	346	Rural	4	4	7
4	Van	Van Zandt	2,362	Rural	7	6	5
4	Wake Village	Bowie	5,129	Urb./Exurb.	5	5	4
4	Warren City	Gregg	343	Rural	7	7	6
4	Waskom	Harrison	2,068	Rural	5	5	5
4	Wells	Cherokee	769	Rural	6	6	7
4	White Oak	Gregg	5,624	Urb./Exurb.	6	6	5
4	Whitehouse	Smith	5,346	Rural	4	5	4
4	Wills Point	Van Zandt	3,496	Rural	5	5	6
4	Winfield	Titus	499	Rural	5	5	6
4	Winnsboro	Wood	3,584	Rural	6	6	5
4	Winona	Smith	582	Rural	4	4	4
4	Yantis	Wood	321	Rural	4	4	7
5	Appleby	Nacogdoches	444	Rural	6	6	6
5	Bevil Oaks	Jefferson	1,346	Rural	4	4	5
5	Broaddus	San Augustine	189	Rural	7	7	7
5	Browndell	Jasper	219	Rural	4	4	7
5	Buna	Jasper	2,269	Rural	4	4	6
5	Burke	Angelina	315	Rural	7	7	6
5	Center	Shelby	5,678	Rural	5	6	5
5	Central Gardens	Jefferson	4,106	Rural	4	4	4
5	Chester	Tyler	265	Rural	5	4	7
5	Chireno	Nacogdoches	405	Rural	5	5	5
5	Coldspring	San Jacinto	691	Rural	5	5	6
5	Colmesneil	Tyler	638	Rural	6	5	6
5	Corrigan	Polk	1,721	Rural	7	7	5
5	Crockett	Houston	7,141	Rural	5	5	7
5	Cushing	Nacogdoches	637	Rural	5	5	4
5	Deweyville	Newton	1,190	Rural	6	5	4
5	Diboll	Angelina	5,470	Rural	4	4	5
5	Evadale	Jasper	1,430	Rural	4	4	6
5	Garrison	Nacogdoches	844	Rural	5	5	5
5	Goodrich	Polk	243	Rural	4	4	7
5	Grapeland	Houston	1,451	Rural	7	7	7
5	Groves	Jefferson	15,733	Urb./Exurb.	5	5	4
5	Groveton	Trinity	1,107	Rural	6	6	7
5	Hemphill	Sabine	1,106	Rural	4	5	6
5	Hudson	Angelina	3,792	Rural	5	5	5

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5	Huntington	Angelina	2,068	Rural	6	6	6
5	Huxley	Shelby	298	Rural	4	4	4
5	Jasper	Jasper	8,247	Rural	5	6	7
5	Joaquin	Shelby	925	Rural	4	5	7
5	Kennard	Houston	317	Rural	7	7	7
5	Kirbyville	Jasper	2,085	Rural	6	6	5
5	Latexo	Houston	272	Rural	4	4	7
5	Livingston	Polk	5,433	Rural	6	6	6
5	Lovelady	Houston	608	Rural	7	7	4
5	Lufkin	Angelina	32,709	Rural	5	7	5
5	Lumberton	Hardin	8,731	Rural	4	4	5
5	Mauriceville	Orange	2,743	Rural	6	5	5
5	Milam	Sabine	1,329	Rural	4	4	4
5	Nacogdoches	Nacogdoches	29,914	Rural	7	7	5
5	Nederland	Jefferson	17,422	Urb./Exurb.	5	5	4
5	Newton	Newton	2,459	Rural	7	7	5
5	Nome	Jefferson	515	Rural	6	6	6
5	Oakhurst	San Jacinto	230	Rural	5	5	6
5	Onalaska	Polk	1,174	Rural	7	7	6
5	Pine Forest	Orange	632	Rural	6	6	5
5	Pineland	Sabine	980	Rural	7	7	5
5	Pinewood Estates	Hardin	1,633	Rural	4	4	4
5	Point Blank	San Jacinto	559	Rural	5	5	7
5	Port Neches	Jefferson	13,601	Urb./Exurb.	5	4	4
5	Rose City	Orange	519	Rural	6	6	7
5	Rose Hill Acres	Hardin	480	Urb./Exurb.	7	7	4
5	San Augustine	San Augustine	2,475	Rural	6	5	4
5	Seven Oaks	Polk	131	Rural	4	4	4
5	Shepherd	San Jacinto	2,029	Rural	5	4	6
5	South Toledo Bend	Newton	576	Rural	4	4	5
5	Tenaha	Shelby	1,046	Rural	5	5	6
5	Timpson	Shelby	1,094	Rural	7	7	7
5	Trinity	Trinity	2,721	Rural	6	6	7
5	West Livingston	Polk	6,612	Rural	5	5	7
5	Woodville	Tyler	2,415	Rural	7	7	5
5	Zavalla	Angelina	647	Rural	7	7	4
6	Aldine	Harris	13,979	Urb./Exurb.	4	4	7
6	Ames	Liberty	1,079	Rural	5	5	7
6	Anahuac	Chambers	2,210	Rural	6	6	6
6	Angleton	Brazoria	18,130	Rural	6	6	5
6	Atascocita	Harris	35,757	Urb./Exurb.	6	5	5
6	Bacliff	Galveston	6,962	Urb./Exurb.	7	7	7
6	Barrett	Harris	2,872	Rural	7	7	7
6	Bay City	Matagorda	18,667	Rural	6	5	4
6	Bayou Vista	Galveston	1,644	Rural	5	5	6
6	Baytown	Harris	66,430	Urb./Exurb.	4	5	6
6	Beach City	Chambers	1,645	Urb./Exurb.	5	5	5
6	Bellville	Austin	3,794	Rural	4	4	5

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6	Blessing	Matagorda	861	Rural	4	4	7
6	Boling-Iago	Wharton	1,271	Rural	4	4	5
6	Bolivar Peninsula	Galveston	3,853	Rural	7	7	6
6	Brookshire	Waller	3,450	Rural	7	7	7
6	Bunker Hill Village	Harris	3,654	Urb./Exurb.	7	7	5
6	Channelview	Harris	29,685	Urb./Exurb.	6	6	6
6	Cinco Ranch	Fort Bend	11,196	Urb./Exurb.	6	6	4
6	Clear Lake Shores	Galveston	1,205	Urb./Exurb.	5	5	5
6	Cleveland	Liberty	7,605	Rural	7	7	7
6	Cloverleaf	Harris	23,508	Urb./Exurb.	6	6	5
6	Columbus	Colorado	3,916	Rural	5	4	5
6	Conroe	Montgomery	36,811	Urb./Exurb.	5	6	6
6	Cove	Chambers	323	Rural	7	7	4
6	Crosby	Harris	1,714	Rural	5	5	7
6	Cumings	Fort Bend	683	Urb./Exurb.	5	4	4
6	Cut and Shoot	Montgomery	1,158	Urb./Exurb.	7	7	6
6	Daisetta	Liberty	1,034	Rural	6	6	6
6	Damon	Brazoria	535	Rural	7	7	7
6	Dayton Lakes	Liberty	101	Rural	4	4	4
6	Devers	Liberty	416	Rural	7	7	7
6	Dickinson	Galveston	17,093	Urb./Exurb.	6	6	5
6	Eagle Lake	Colorado	3,664	Rural	6	5	6
6	East Bernard	Wharton	1,729	Rural	5	5	6
6	El Campo	Wharton	10,945	Rural	5	6	5
6	El Lago	Harris	3,075	Urb./Exurb.	5	5	4
6	Fifth Street	Fort Bend	2,059	Urb./Exurb.	5	5	7
6	Four Corners	Fort Bend	2,954	Urb./Exurb.	6	6	6
6	Fresno	Fort Bend	6,603	Urb./Exurb.	6	5	5
6	Friendswood	Galveston	29,037	Urb./Exurb.	6	6	5
6	Greatwood	Fort Bend	6,640	Urb./Exurb.	6	6	4
6	Hardin	Liberty	755	Rural	4	4	6
6	Hedwig Village	Harris	2,334	Urb./Exurb.	6	5	4
6	Hempstead	Waller	4,691	Rural	4	6	7
6	Highlands	Harris	7,089	Urb./Exurb.	5	5	6
6	Hillcrest	Brazoria	722	Urb./Exurb.	7	7	5
6	Hilshire Village	Harris	720	Urb./Exurb.	7	7	4
6	Hitchcock	Galveston	6,386	Urb./Exurb.	4	7	7
6	Hungerford	Wharton	645	Rural	4	4	6
6	Hunters Creek Village	Harris	4,374	Urb./Exurb.	4	4	4
6	Huntsville	Walker	35,078	Rural	7	7	5
6	Industry	Austin	304	Rural	4	4	7
6	Jamaica Beach	Galveston	1,075	Urb./Exurb.	7	7	6
6	Jersey Village	Harris	6,880	Urb./Exurb.	4	5	4
6	Kemah	Galveston	2,330	Urb./Exurb.	7	7	6
6	Kenefick	Liberty	667	Rural	5	5	7
6	La Marque	Galveston	13,682	Urb./Exurb.	6	6	7
6	League City	Galveston	45,444	Urb./Exurb.	4	5	5
6	Liverpool	Brazoria	404	Rural	7	7	5
6	Louise	Wharton	977	Rural	5	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Magnolia	Montgomery	1,111	Rural	6	6	7
6	Markham	Matagorda	1,138	Rural	4	4	4
6	Mission Bend	Fort Bend	30,831	Urb./Exurb.	6	5	6
6	Missouri City	Fort Bend	52,913	Urb./Exurb.	6	5	5
6	Mont Belvieu	Chambers	2,324	Rural	5	5	4
6	Montgomery	Montgomery	489	Rural	7	7	7
6	Nassau Bay	Harris	4,170	Urb./Exurb.	7	7	4
6	New Territory	Fort Bend	13,861	Urb./Exurb.	5	4	4
6	New Waverly	Walker	950	Rural	7	6	6
6	North Cleveland	Liberty	263	Rural	4	4	7
6	Oak Ridge North	Montgomery	2,991	Urb./Exurb.	6	6	4
6	Old River-Winfree	Chambers	1,364	Rural	6	6	6
6	Palacios	Matagorda	5,153	Rural	5	6	5
6	Panorama Village	Montgomery	1,965	Urb./Exurb.	6	5	5
6	Pattison	Waller	447	Rural	5	5	6
6	Patton Village	Montgomery	1,391	Rural	6	6	6
6	Pecan Grove	Fort Bend	13,551	Rural	5	5	4
6	Pine Island	Waller	849	Rural	5	5	4
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	5	4	5
6	Piney Point Village	Harris	3,380	Urb./Exurb.	5	4	5
6	Plum Grove	Liberty	930	Rural	4	4	7
6	Porter Heights	Montgomery	1,490	Rural	4	4	7
6	Prairie View	Waller	4,410	Rural	4	7	7
6	Quintana	Brazoria	38	Rural	4	4	7
6	Riverside	Walker	425	Rural	7	7	7
6	Roman Forest	Montgomery	1,279	Rural	5	4	4
6	San Felipe	Austin	868	Rural	7	7	4
6	San Leon	Galveston	4,365	Urb./Exurb.	6	6	6
6	Santa Fe	Galveston	9,548	Urb./Exurb.	5	5	5
6	Sealy	Austin	5,248	Rural	4	5	6
6	Sheldon	Harris	1,831	Rural	4	4	5
6	Shenandoah	Montgomery	1,503	Urb./Exurb.	6	6	5
6	Sienna Plantation	Fort Bend	1,896	Urb./Exurb.	6	6	4
6	Southside Place	Harris	1,546	Urb./Exurb.	7	7	4
6	Splendora	Montgomery	1,275	Rural	7	7	6
6	Spring	Harris	36,385	Urb./Exurb.	5	5	5
6	Spring Valley	Harris	3,611	Urb./Exurb.	5	4	4
6	Stagecoach	Montgomery	455	Rural	4	4	4
6	Stowell	Chambers	1,572	Rural	5	4	7
6	Sugar Land	Fort Bend	63,328	Urb./Exurb.	6	5	5
6	Taylor Lake Village	Harris	3,694	Urb./Exurb.	4	4	4
6	Texas City	Galveston	41,521	Urb./Exurb.	7	7	6
6	The Woodlands	Montgomery	55,649	Urb./Exurb.	5	6	4
6	Tiki Island	Galveston	1,016	Urb./Exurb.	4	4	5
6	Van Vleck	Matagorda	1,411	Rural	4	4	6
6	Wallis	Austin	1,172	Rural	4	4	6
6	Weimar	Colorado	1,981	Rural	6	5	6
6	Wharton	Wharton	9,237	Rural	6	6	7
6	Wild Peach Village	Brazoria	2,498	Rural	4	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Willis	Montgomery	3,985	Rural	4	5	7
6	Winnie	Chambers	2,914	Rural	5	4	6
6	Woodbranch	Montgomery	1,305	Rural	5	4	5
6	Woodloch	Montgomery	247	Rural	7	7	4
7	Anderson Mill	Williamson	8,953	Urb./Exurb.	6	6	5
7	Bartlett	Williamson	1,675	Rural	7	7	6
7	Barton Creek	Travis	1,589	Urb./Exurb.	7	7	4
7	Bastrop	Bastrop	5,340	Rural	5	5	6
7	Bear Creek	Hays	360	Rural	4	4	4
7	Bee Cave	Travis	656	Rural	5	5	4
7	Bertram	Burnet	1,122	Rural	6	5	6
7	Blanco	Blanco	1,505	Rural	6	6	7
7	Briarcliff	Travis	895	Rural	5	5	5
7	Brushy Creek	Williamson	15,371	Urb./Exurb.	5	5	4
7	Buchanan Dam	Llano	1,688	Rural	6	5	6
7	Buda	Hays	2,404	Urb./Exurb.	5	4	6
7	Burnet	Burnet	4,735	Rural	5	6	7
7	Camp Swift	Bastrop	4,731	Rural	4	4	7
7	Carmine	Fayette	228	Rural	7	7	7
7	Cedar Park	Williamson	26,049	Urb./Exurb.	4	6	5
7	Circle D-KC Estates	Bastrop	2,010	Rural	4	4	6
7	Cottonwood Shores	Burnet	877	Rural	7	6	6
7	Creedmoor	Travis	211	Rural	4	4	6
7	Dripping Springs	Hays	1,548	Rural	4	6	7
7	Elgin	Bastrop	5,700	Rural	5	6	6
7	Fayetteville	Fayette	261	Rural	5	5	7
7	Flatonia	Fayette	1,377	Rural	6	6	5
7	Florence	Williamson	1,054	Rural	7	7	7
7	Garfield	Travis	1,660	Rural	5	4	7
7	Georgetown	Williamson	28,339	Urb./Exurb.	4	6	6
7	Giddings	Lee	5,105	Rural	4	5	4
7	Granger	Williamson	1,299	Rural	6	6	7
7	Granite Shoals	Burnet	2,040	Rural	6	6	7
7	Hays	Hays	233	Rural	4	4	5
7	Highland Haven	Burnet	450	Rural	7	7	4
7	Horseshoe Bay	Llano	3,337	Rural	5	5	5
7	Hudson Bend	Travis	2,369	Urb./Exurb.	6	6	5
7	Hutto	Williamson	1,250	Rural	6	4	6
7	Johnson City	Blanco	1,191	Rural	4	5	5
7	Jollyville	Williamson	15,813	Urb./Exurb.	6	6	4
7	Jonestown	Travis	1,681	Rural	7	7	6
7	Kingsland	Llano	4,584	Rural	4	7	6
7	Kyle	Hays	5,314	Rural	4	4	6
7	La Grange	Fayette	4,478	Rural	6	5	4
7	Lago Vista	Travis	4,507	Rural	7	7	6
7	Lakeway	Travis	8,002	Rural	5	5	5
7	Leander	Williamson	7,596	Urb./Exurb.	6	4	6
7	Lexington	Lee	1,178	Rural	5	5	4
7	Liberty Hill	Williamson	1,409	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Llano	Llano	3,325	Rural	5	6	4
7	Lockhart	Caldwell	11,615	Rural	6	6	7
7	Lost Creek	Travis	4,729	Urb./Exurb.	5	4	4
7	Luling	Caldwell	5,080	Rural	5	5	5
7	Manor	Travis	1,204	Urb./Exurb.	4	4	5
7	Marble Falls	Burnet	4,959	Rural	5	7	6
7	Martindale	Caldwell	953	Rural	6	6	5
7	Meadowlakes	Burnet	1,293	Rural	7	7	4
7	Mountain City	Hays	671	Rural	7	7	5
7	Mustang Ridge	Caldwell	785	Rural	4	4	7
7	Niederwald	Hays	584	Rural	5	5	5
7	Onion Creek	Travis	2,116	Urb./Exurb.	4	4	4
7	Pflugerville	Travis	16,335	Urb./Exurb.	4	4	5
7	Rollingwood	Travis	1,403	Urb./Exurb.	6	6	4
7	Round Mountain	Blanco	111	Rural	4	4	4
7	Round Rock	Williamson	61,136	Urb./Exurb.	6	6	4
7	Round Top	Fayette	77	Rural	4	4	7
7	San Leanna	Travis	384	Urb./Exurb.	7	7	4
7	San Marcos	Hays	34,733	Urb./Exurb.	7	7	7
7	Schulenburg	Fayette	2,699	Rural	6	6	6
7	Serenada	Williamson	1,847	Urb./Exurb.	7	7	4
7	Shady Hollow	Travis	5,140	Urb./Exurb.	5	5	4
7	Smithville	Bastrop	3,901	Rural	6	6	7
7	Sunrise Beach Village	Llano	704	Rural	7	7	5
7	Sunset Valley	Travis	365	Urb./Exurb.	6	6	6
7	Taylor	Williamson	13,575	Rural	6	5	5
7	The Hills	Travis	1,492	Rural	4	4	4
7	Thrall	Williamson	710	Rural	6	5	5
7	Uhland	Hays	386	Rural	7	7	6
7	Weir	Williamson	591	Rural	5	5	7
7	Wells Branch	Travis	11,271	Urb./Exurb.	6	6	5
7	West Lake Hills	Travis	3,116	Urb./Exurb.	4	4	4
7	Wimberley	Hays	3,797	Rural	6	5	7
7	Windemere	Travis	6,868	Urb./Exurb.	6	6	5
7	Woodcreek	Hays	1,274	Rural	6	6	6
7	Wyldwood	Bastrop	2,310	Rural	4	4	5
8	Abbott	Hill	300	Rural	6	6	6
8	Aquilla	Hill	136	Rural	7	7	4
8	Bellmead	McLennan	9,214	Urb./Exurb.	5	5	6
8	Belton	Bell	14,623	Urb./Exurb.	5	6	4
8	Beverly Hills	McLennan	2,113	Urb./Exurb.	6	6	7
8	Blum	Hill	399	Rural	7	7	4
8	Bruceville-Eddy	McLennan	1,490	Rural	6	6	5
8	Buckholts	Milam	387	Rural	7	7	4
8	Bynum	Hill	225	Rural	7	7	7
8	Cameron	Milam	5,634	Rural	4	5	6
8	Carl's Corner	Hill	134	Rural	7	7	7
8	Clifton	Bosque	3,542	Rural	4	5	6
8	Coolidge	Limestone	848	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Copperas Cove	Coryell	29,592	Urb./Exurb.	5	5	5
8	Covington	Hill	282	Rural	4	4	5
8	Cranfills Gap	Bosque	335	Rural	5	5	6
8	Crawford	McLennan	705	Rural	5	4	5
8	Evant	Coryell	393	Rural	7	7	7
8	Fairfield	Freestone	3,094	Rural	6	6	7
8	Fort Hood	Bell	33,711	Urb./Exurb.	4	4	4
8	Gatesville	Coryell	15,591	Rural	5	6	5
8	Gholson	McLennan	922	Rural	4	4	5
8	Goldthwaite	Mills	1,802	Rural	6	6	6
8	Golinda	Falls	423	Rural	6	6	5
8	Groesbeck	Limestone	4,291	Rural	5	7	6
8	Hallsburg	McLennan	518	Rural	6	6	4
8	Hamilton	Hamilton	2,977	Rural	4	5	5
8	Harker Heights	Bell	17,308	Urb./Exurb.	5	5	4
8	Hewitt	McLennan	11,085	Urb./Exurb.	5	4	4
8	Hico	Hamilton	1,341	Rural	5	5	7
8	Hillsboro	Hill	8,232	Rural	6	7	5
8	Holland	Bell	1,102	Rural	5	5	5
8	Hubbard	Hill	1,586	Rural	4	5	6
8	Iredell	Bosque	360	Rural	6	6	6
8	Itasca	Hill	1,503	Rural	4	4	4
8	Kempner	Lampasas	1,004	Rural	6	6	6
8	Kirvin	Freestone	122	Rural	4	4	5
8	Kosse	Limestone	497	Rural	7	7	7
8	Lacy-Lakeview	McLennan	5,764	Urb./Exurb.	6	6	6
8	Lampasas	Lampasas	6,786	Rural	5	5	6
8	Leroy	McLennan	335	Rural	4	4	6
8	Little River-Academy	Bell	1,645	Rural	7	7	4
8	Lometa	Lampasas	782	Rural	5	5	4
8	Lorena	McLennan	1,433	Rural	4	4	4
8	Lott	Falls	724	Rural	6	5	4
8	Malone	Hill	278	Rural	4	4	7
8	Marlin	Falls	6,628	Rural	6	6	7
8	Marquez	Leon	220	Rural	5	5	7
8	Mart	McLennan	2,273	Rural	7	7	5
8	McGregor	McLennan	4,727	Urb./Exurb.	6	6	5
8	Meridian	Bosque	1,491	Rural	4	6	6
8	Mertens	Hill	146	Rural	7	7	7
8	Mexia	Limestone	6,563	Rural	7	7	6
8	Milano	Milam	400	Rural	5	4	7
8	Millican	Brazos	108	Rural	4	4	7
8	Moody	McLennan	1,400	Rural	7	7	6
8	Morgan	Bosque	485	Rural	4	4	7
8	Morgan's Point Resort	Bell	2,989	Rural	5	5	4
8	Mount Calm	Hill	310	Rural	5	5	4
8	Mullin	Mills	175	Rural	6	5	7
8	Nolanville	Bell	2,150	Rural	6	6	5
8	Normangee	Leon	719	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Oglesby	Coryell	458	Rural	7	7	5
8	Penelope	Hill	211	Rural	7	7	6
8	Richland Springs	San Saba	350	Rural	4	4	4
8	Riesel	McLennan	973	Rural	7	7	4
8	Robinson	McLennan	7,845	Urb./Exurb.	5	4	4
8	Rockdale	Milam	5,439	Rural	6	6	4
8	Rogers	Bell	1,117	Rural	5	5	5
8	Rosebud	Falls	1,493	Rural	5	5	5
8	Ross	McLennan	228	Rural	4	4	7
8	Salado	Bell	3,475	Rural	5	4	4
8	San Saba	San Saba	2,637	Rural	5	5	4
8	South Mountain	Coryell	412	Rural	5	5	4
8	Streetman	Freestone	203	Rural	4	4	7
8	Teague	Freestone	4,557	Rural	5	5	6
8	Tehuacana	Limestone	307	Rural	5	4	4
8	Temple	Bell	54,514	Urb./Exurb.	5	6	4
8	Thorndale	Milam	1,278	Rural	6	6	5
8	Thornton	Limestone	525	Rural	5	5	6
8	Todd Mission	Grimes	146	Rural	4	4	7
8	Troy	Bell	1,378	Rural	7	5	4
8	Valley Mills	Bosque	1,123	Rural	4	4	6
8	Walnut Springs	Bosque	755	Rural	4	4	5
8	West	McLennan	2,692	Rural	5	5	4
8	Whitney	Hill	1,833	Rural	7	7	6
8	Wixon Valley	Brazos	235	Rural	7	7	4
8	Woodway	McLennan	8,733	Urb./Exurb.	4	4	4
8	Wortham	Freestone	1,082	Rural	7	7	6
9	Alamo Heights	Bexar	7,319	Urb./Exurb.	5	5	5
9	Bandera	Bandera	957	Rural	4	6	7
9	Bigfoot	Frio	304	Rural	4	4	5
9	Boerne	Kendall	6,178	Rural	6	7	7
9	Bulverde	Comal	3,761	Rural	4	4	4
9	Canyon Lake	Comal	16,870	Rural	5	5	6
9	Castle Hills	Bexar	4,202	Urb./Exurb.	7	7	5
9	Castroville	Medina	2,664	Rural	6	5	5
9	Charlotte	Atascosa	1,637	Rural	4	4	6
9	Christine	Atascosa	436	Rural	4	4	7
9	Cibolo	Guadalupe	3,035	Rural	7	7	5
9	Comfort	Kendall	2,358	Rural	5	5	7
9	Cross Mountain	Bexar	1,524	Urb./Exurb.	4	4	4
9	Devine	Medina	4,140	Rural	6	6	6
9	Dilley	Frio	3,674	Rural	7	7	7
9	Fair Oaks Ranch	Bexar	4,695	Urb./Exurb.	6	5	4
9	Falls City	Karnes	591	Rural	5	5	4
9	Floresville	Wilson	5,868	Rural	4	6	6
9	Fredericksburg	Gillespie	8,911	Rural	4	6	6
9	Garden Ridge	Comal	1,882	Rural	7	7	4
9	Geronimo	Guadalupe	619	Urb./Exurb.	4	4	6
9	Harper	Gillespie	1,006	Rural	6	5	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Hill Country Village	Bexar	1,028	Urb./Exurb.	4	4	4
9	Hilltop	Frio	300	Rural	4	4	6
9	Hollywood Park	Bexar	2,983	Urb./Exurb.	7	7	4
9	Hondo	Medina	7,897	Rural	5	6	5
9	Ingram	Kerr	1,740	Rural	7	6	7
9	Jourdanton	Atascosa	3,732	Rural	7	7	6
9	Karnes City	Karnes	3,457	Rural	6	5	6
9	Kenedy	Karnes	3,487	Rural	5	5	6
9	Kerrville	Kerr	20,425	Rural	7	7	6
9	Kingsbury	Guadalupe	652	Rural	4	4	5
9	La Vernia	Wilson	931	Rural	7	7	6
9	Lackland AFB	Bexar	7,123	Urb./Exurb.	4	4	7
9	LaCoste	Medina	1,255	Rural	6	5	5
9	Lakehills	Bandera	4,668	Rural	7	7	6
9	Lytle	Atascosa	2,383	Rural	5	5	7
9	Marion	Guadalupe	1,099	Rural	6	5	6
9	McQueeney	Guadalupe	2,527	Urb./Exurb.	5	5	6
9	Moore	Frio	644	Rural	5	4	4
9	Natalia	Medina	1,663	Rural	7	7	7
9	New Berlin	Guadalupe	467	Rural	4	4	5
9	New Braunfels	Comal	36,494	Urb./Exurb.	6	6	5
9	North Pearsall	Frio	561	Rural	5	5	6
9	Northcliff	Guadalupe	1,819	Rural	5	5	5
9	Olmos Park	Bexar	2,343	Urb./Exurb.	5	4	4
9	Pearsall	Frio	7,157	Rural	5	5	7
9	Pleasanton	Atascosa	8,266	Rural	7	7	6
9	Poteet	Atascosa	3,305	Rural	5	6	6
9	Poth	Wilson	1,850	Rural	6	5	5
9	Redwood	Guadalupe	3,586	Rural	6	6	7
9	Runge	Karnes	1,080	Rural	7	6	5
9	Santa Clara	Guadalupe	889	Rural	7	7	6
9	Scenic Oaks	Bexar	3,279	Urb./Exurb.	4	4	4
9	Schertz	Guadalupe	18,694	Urb./Exurb.	6	5	5
9	Seguin	Guadalupe	22,011	Urb./Exurb.	6	6	6
9	St. Hedwig	Bexar	1,875	Rural	7	6	4
9	Stockdale	Wilson	1,398	Rural	6	6	5
9	Stonewall	Gillespie	469	Rural	6	6	6
9	Terrell Hills	Bexar	5,019	Urb./Exurb.	5	5	4
9	West Pearsall	Frio	349	Rural	7	7	4
9	Windcrest	Bexar	5,105	Urb./Exurb.	7	7	4
9	Zuehl	Guadalupe	346	Rural	4	4	6
10	Agua Dulce (Nueces)	Nueces	737	Rural	6	5	5
10	Airport Road Addition	Brooks	132	Rural	4	4	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	4	4	5
10	Alice	Jim Wells	19,010	Rural	5	5	5
10	Alice Acres	Jim Wells	491	Rural	4	4	4
10	Aransas Pass	San Patricio	8,138	Rural	5	6	7
10	Austwell	Refugio	192	Rural	7	7	7
10	Bayside	Refugio	360	Rural	7	7	7

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10	Beeville	Bee	13,129	Rural	6	6	5
10	Benavides	Duval	1,686	Rural	6	6	5
10	Bishop	Nueces	3,305	Rural	6	6	5
10	Bloomington	Victoria	2,562	Rural	7	7	5
10	Blue Berry Hill	Bee	982	Rural	4	4	7
10	Cantu Addition	Brooks	217	Rural	4	4	7
10	Concepcion	Duval	61	Rural	4	4	4
10	Coyote Acres	Jim Wells	389	Rural	4	4	7
10	Cuero	DeWitt	6,571	Rural	7	7	5
10	Del Sol-Loma Linda	San Patricio	726	Rural	4	4	6
10	Doyle	San Patricio	285	Urb./Exurb.	4	4	4
10	Driscoll	Nueces	825	Rural	6	7	4
10	Edgewater-Paisano	San Patricio	182	Rural	7	7	4
10	Edna	Jackson	5,899	Rural	6	7	6
10	Edroy	San Patricio	420	Rural	4	4	7
10	Encino	Brooks	177	Rural	4	4	4
10	Falfurrias	Brooks	5,297	Rural	7	6	7
10	Falman-County Acres	San Patricio	289	Rural	7	7	4
10	Flowella	Brooks	134	Rural	4	4	7
10	Freer	Duval	3,241	Rural	5	5	5
10	Fulton	Aransas	1,553	Rural	6	5	7
10	Ganado	Jackson	1,915	Rural	5	5	5
10	George West	Live Oak	2,524	Rural	5	5	6
10	Goliad	Goliad	1,975	Rural	5	5	7
10	Gonzales	Gonzales	7,202	Rural	6	5	6
10	Gregory	San Patricio	2,318	Rural	5	5	4
10	Hallettsville	Lavaca	2,345	Rural	6	5	4
10	Inez	Victoria	1,787	Rural	5	5	4
10	Ingleside	San Patricio	9,388	Urb./Exurb.	5	7	5
10	Ingleside on the Bay	San Patricio	659	Urb./Exurb.	7	7	7
10	K-Bar Ranch	Jim Wells	350	Rural	7	7	4
10	Kingsville	Kleberg	25,575	Rural	7	7	6
10	La Paloma-Lost Creek	Nueces	323	Rural	7	7	5
10	La Ward	Jackson	200	Rural	6	6	7
10	Lake City	San Patricio	526	Rural	5	5	7
10	Lakeshore Gardens-Hidden Acres	San Patricio	720	Rural	4	4	4
10	Lakeside (San Patricio)	San Patricio	333	Rural	4	4	5
10	Lolita	Jackson	548	Rural	4	4	4
10	Loma Linda East	Jim Wells	214	Rural	4	4	4
10	Mathis	San Patricio	5,034	Rural	7	7	5
10	Morgan Farm Area	San Patricio	484	Rural	7	7	4
10	Moulton	Lavaca	944	Rural	5	5	5
10	Nixon	Gonzales	2,186	Rural	6	6	7
10	Nordheim	DeWitt	323	Rural	5	5	7
10	Normanna	Bee	121	Rural	4	4	7
10	North San Pedro	Nueces	920	Rural	5	5	4
10	Odem	San Patricio	2,499	Rural	6	5	5
10	Orange Grove	Jim Wells	1,288	Rural	7	7	4
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Pawnee	Bee	201	Rural	4	4	5
10	Pernitas Point	Live Oak	269	Rural	7	7	5
10	Petronila	Nueces	83	Rural	4	4	4
10	Pettus	Bee	608	Rural	5	5	5
10	Point Comfort	Calhoun	781	Rural	6	5	4
10	Port Aransas	Nueces	3,370	Urb./Exurb.	7	7	6
10	Port Lavaca	Calhoun	12,035	Rural	6	6	5
10	Portland	San Patricio	14,827	Urb./Exurb.	6	6	4
10	Premont	Jim Wells	2,772	Rural	6	6	7
10	Rancho Alegre	Jim Wells	1,775	Rural	7	6	6
10	Rancho Banquete	Nueces	469	Rural	4	4	7
10	Rancho Chico	San Patricio	309	Rural	7	7	4
10	Realitos	Duval	209	Rural	4	4	4
10	Refugio	Refugio	2,941	Rural	5	5	6
10	Robstown	Nueces	12,727	Rural	5	5	6
10	Rockport	Aransas	7,385	Rural	5	6	6
10	San Diego	Duval	4,753	Rural	6	5	6
10	San Patricio	San Patricio	318	Rural	7	7	5
10	Sandia	Jim Wells	431	Rural	4	4	5
10	Sandy Hollow-Escondidas	Nueces	433	Rural	5	5	5
10	Seadrift	Calhoun	1,352	Rural	6	6	5
10	Shiner	Lavaca	2,070	Rural	6	6	7
10	Sinton	San Patricio	5,676	Rural	6	6	5
10	Skidmore	Bee	1,013	Rural	7	6	5
10	Smiley	Gonzales	453	Rural	6	6	7
10	Spring Garden-Terra Verde	Nueces	693	Rural	4	4	6
10	St. Paul (San Patricio)	San Patricio	542	Rural	4	4	5
10	Taft	San Patricio	3,396	Rural	6	6	7
10	Taft Southwest	San Patricio	1,721	Rural	5	5	7
10	Three Rivers	Live Oak	1,878	Rural	6	5	5
10	Tierra Grande	Nueces	362	Rural	5	5	5
10	Tradewinds	San Patricio	163	Rural	4	4	7
10	Tuleta	Bee	292	Rural	4	4	7
10	Tulsita	Bee	20	Rural	4	4	4
10	Tynan	Bee	301	Rural	6	6	4
10	Vanderbilt	Jackson	411	Rural	4	4	4
10	Victoria	Victoria	60,603	Urb./Exurb.	6	6	5
10	Waelder	Gonzales	947	Rural	5	5	5
10	Westdale	Jim Wells	295	Rural	4	4	7
10	Woodsboro	Refugio	1,685	Rural	6	6	5
10	Yoakum	Lavaca	5,731	Rural	7	7	4
10	Yorktown	DeWitt	2,271	Rural	6	5	5
11	Abram-Perezville	Hidalgo	5,444	Rural	7	7	5
11	Alto Bonito	Starr	569	Rural	4	4	4
11	Alton North	Hidalgo	5,051	Rural	6	6	5
11	Arroyo Alto	Cameron	320	Rural	4	4	6
11	Arroyo Colorado Estates	Cameron	755	Rural	7	7	4
11	Arroyo Gardens-La Tina Ranch	Cameron	732	Rural	4	4	4
11	Asherton	Dimmit	1,342	Rural	7	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Batesville	Zavala	1,298	Rural	6	6	4
11	Bausell and Ellis	Willacy	112	Rural	4	4	4
11	Bayview	Cameron	323	Rural	7	7	7
11	Big Wells	Dimmit	704	Rural	6	6	4
11	Bixby	Cameron	356	Rural	4	4	7
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	6	6	4
11	Botines	Webb	132	Rural	7	7	4
11	Box Canyon-Amistad	Val Verde	76	Rural	4	4	7
11	Brackettville	Kinney	1,876	Rural	7	7	6
11	Brundage	Dimmit	31	Rural	4	4	7
11	Bruni	Webb	412	Rural	4	4	7
11	Cameron Park	Cameron	5,961	Urb./Exurb.	6	5	5
11	Camp Wood	Real	822	Rural	7	7	7
11	Carrizo Hill	Dimmit	548	Rural	7	7	7
11	Carrizo Springs	Dimmit	5,655	Rural	7	7	6
11	Catarina	Dimmit	135	Rural	4	4	5
11	Cesar Chavez	Hidalgo	1,469	Urb./Exurb.	6	6	7
11	Chula Vista-Orason	Cameron	394	Rural	7	7	5
11	Chula Vista-River Spur	Zavala	400	Rural	4	4	6
11	Cienegas Terrace	Val Verde	2,878	Rural	7	7	6
11	Citrus City	Hidalgo	941	Rural	4	4	6
11	Combes	Cameron	2,553	Urb./Exurb.	6	6	6
11	Cotulla	La Salle	3,614	Rural	4	6	5
11	Crystal City	Zavala	7,190	Rural	6	6	6
11	Cuevitas	Hidalgo	37	Rural	4	4	7
11	Del Mar Heights	Cameron	259	Rural	4	4	4
11	Del Rio	Val Verde	33,867	Rural	6	6	5
11	Doffing	Hidalgo	4,256	Rural	6	6	5
11	Doolittle	Hidalgo	2,358	Urb./Exurb.	5	5	4
11	Eagle Pass	Maverick	22,413	Rural	7	7	6
11	Edinburg	Hidalgo	48,465	Urb./Exurb.	6	6	6
11	Eidson Road	Maverick	9,348	Rural	5	5	6
11	El Camino Angosto	Cameron	254	Urb./Exurb.	4	4	4
11	El Cenizo	Webb	3,545	Rural	5	5	5
11	El Indio	Maverick	263	Rural	7	7	4
11	El Refugio	Starr	221	Rural	7	7	7
11	Elm Creek	Maverick	1,928	Rural	4	4	7
11	Encantada-Ranchito El Calaboz	Cameron	2,100	Rural	4	4	5
11	Encinal	La Salle	629	Rural	7	7	4
11	Escobares	Starr	1,954	Rural	6	6	6
11	Falcon Heights	Starr	335	Rural	4	4	5
11	Falcon Lake Estates	Zapata	830	Rural	6	6	4
11	Falcon Mesa	Zapata	506	Rural	4	4	6
11	Falcon Village	Starr	78	Rural	7	7	7
11	Faysville	Hidalgo	348	Urb./Exurb.	7	7	4
11	Fowlerton	La Salle	62	Rural	4	4	4
11	Fronton	Starr	599	Rural	4	4	6
11	Garceno	Starr	1,438	Rural	7	7	7
11	Grand Acres	Cameron	203	Rural	4	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Green Valley Farms	Cameron	720	Rural	4	4	5
11	Guerra	Jim Hogg	8	Rural	4	4	4
11	Havana	Hidalgo	452	Rural	6	6	6
11	Hebbronville	Jim Hogg	4,498	Rural	6	6	6
11	Heidelberg	Hidalgo	1,586	Rural	7	7	7
11	Indian Hills	Hidalgo	2,036	Rural	5	5	7
11	Indian Lake	Cameron	541	Rural	7	7	6
11	Knippa	Uvalde	739	Rural	5	5	5
11	La Blanca	Hidalgo	2,351	Rural	7	7	4
11	La Casita-Garciasville	Starr	2,177	Rural	5	7	5
11	La Feria	Cameron	6,115	Rural	7	6	5
11	La Feria North	Cameron	168	Rural	7	7	4
11	La Grulla	Starr	1,211	Rural	5	5	5
11	La Homa	Hidalgo	10,433	Urb./Exurb.	6	6	6
11	La Paloma	Cameron	354	Rural	7	7	4
11	La Presa	Webb	508	Rural	4	4	4
11	La Pryor	Zavala	1,491	Rural	6	6	5
11	La Puerta	Starr	1,636	Rural	4	4	6
11	La Rosita	Starr	1,729	Rural	6	6	7
11	La Victoria	Starr	1,683	Rural	4	4	4
11	Lago	Cameron	246	Rural	7	7	4
11	Laguna Heights	Cameron	1,990	Rural	5	5	5
11	Laguna Seca	Hidalgo	251	Rural	4	4	7
11	Laguna Vista	Cameron	1,658	Rural	4	6	5
11	Lake View	Val Verde	167	Rural	4	4	6
11	Laredo Ranchettes	Webb	1,845	Rural	4	4	4
11	Larga Vista	Webb	742	Urb./Exurb.	7	7	7
11	Las Colonias	Zavala	283	Rural	7	7	7
11	Las Lomas	Starr	2,684	Rural	7	7	5
11	Las Lomitas	Jim Hogg	267	Rural	4	4	7
11	Las Palmas-Juarez	Cameron	1,666	Rural	5	5	6
11	Las Quintas Fronterizas	Maverick	2,030	Rural	5	5	4
11	Lasana	Cameron	135	Urb./Exurb.	4	4	4
11	Lasara	Willacy	1,024	Rural	5	5	6
11	Laughlin AFB	Val Verde	2,225	Rural	5	5	4
11	Laureles	Cameron	3,285	Rural	6	6	6
11	Leakey	Real	387	Rural	7	7	7
11	Llano Grande	Hidalgo	3,333	Urb./Exurb.	6	6	4
11	Lopeno	Zapata	140	Rural	4	4	7
11	Lopezville	Hidalgo	4,476	Urb./Exurb.	5	5	5
11	Los Alvarez	Starr	1,434	Rural	5	5	7
11	Los Angeles Subdivision	Willacy	86	Rural	7	7	4
11	Los Ebanos	Hidalgo	403	Rural	6	6	6
11	Los Fresnos	Cameron	4,512	Rural	6	4	7
11	Los Indios	Cameron	1,149	Rural	4	4	5
11	Los Villareales	Starr	930	Rural	4	4	5
11	Lozano	Cameron	324	Rural	4	4	4
11	Lyford	Willacy	1,973	Rural	6	6	6
11	Lyford South	Willacy	172	Rural	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Medina	Zapata	2,960	Rural	5	5	5
11	Midway North	Hidalgo	3,946	Urb./Exurb.	4	4	6
11	Midway South	Hidalgo	1,711	Urb./Exurb.	6	6	7
11	Mila Doce	Hidalgo	4,907	Rural	5	5	6
11	Mirando City	Webb	493	Rural	7	7	7
11	Mission	Hidalgo	45,408	Urb./Exurb.	5	6	6
11	Monte Alto	Hidalgo	1,611	Rural	6	6	5
11	Morales-Sanchez	Zapata	95	Rural	4	4	4
11	Muniz	Hidalgo	1,106	Rural	7	7	6
11	New Falcon	Zapata	184	Rural	4	4	4
11	North Alamo	Hidalgo	2,061	Urb./Exurb.	5	5	5
11	North Escobares	Starr	1,692	Rural	7	7	5
11	Nurillo	Hidalgo	5,056	Urb./Exurb.	6	6	7
11	Oilton	Webb	310	Rural	4	4	7
11	Olivarez	Hidalgo	2,445	Rural	6	6	4
11	Olmito	Cameron	1,198	Urb./Exurb.	6	6	5
11	Palm Valley	Cameron	1,298	Urb./Exurb.	6	5	4
11	Palmview South	Hidalgo	6,219	Urb./Exurb.	6	6	5
11	Pharr	Hidalgo	46,660	Urb./Exurb.	5	6	5
11	Port Isabel	Cameron	4,865	Rural	6	5	6
11	Port Mansfield	Willacy	415	Rural	6	6	7
11	Primera	Cameron	2,723	Urb./Exurb.	6	6	6
11	Quemado	Maverick	243	Rural	4	4	4
11	Radar Base	Maverick	162	Rural	4	4	7
11	Ranchette Estates	Willacy	133	Rural	4	4	4
11	Ranchitos Las Lomas	Webb	334	Rural	4	4	5
11	Rancho Viejo	Cameron	1,754	Urb./Exurb.	6	6	4
11	Ranchos Penitas West	Webb	520	Urb./Exurb.	4	4	5
11	Rangerville	Cameron	203	Rural	4	4	7
11	Ratamosa	Cameron	218	Rural	4	4	4
11	Raymondville	Willacy	9,733	Rural	5	6	7
11	Reid Hope King	Cameron	802	Urb./Exurb.	7	7	4
11	Relampago	Hidalgo	104	Rural	4	4	7
11	Rio Bravo	Webb	5,553	Urb./Exurb.	5	4	5
11	Rio Grande City	Starr	11,923	Rural	6	5	5
11	Rio Hondo	Cameron	1,942	Rural	6	5	6
11	Rocksprings	Edwards	1,285	Rural	6	5	6
11	Roma	Starr	9,617	Rural	7	7	6
11	Roma Creek	Starr	610	Rural	4	4	4
11	Rosita North	Maverick	3,400	Rural	5	5	6
11	Rosita South	Maverick	2,574	Rural	6	6	4
11	Sabinal	Uvalde	1,586	Rural	7	7	6
11	Salineno	Starr	304	Rural	4	4	6
11	San Benito	Cameron	23,444	Urb./Exurb.	6	6	5
11	San Carlos	Hidalgo	2,650	Rural	7	7	7
11	San Ignacio	Zapata	853	Rural	4	4	7
11	San Isidro	Starr	270	Rural	6	6	5
11	San Manuel-Linn	Hidalgo	958	Rural	4	4	4
11	San Pedro	Cameron	668	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	San Perlita	Willacy	680	Rural	7	7	7
11	Santa Cruz	Starr	630	Rural	7	7	6
11	Santa Maria	Cameron	846	Rural	5	5	4
11	Santa Monica	Willacy	78	Rural	4	4	7
11	Santa Rosa	Cameron	2,833	Rural	4	6	5
11	Scissors	Hidalgo	2,805	Rural	4	4	5
11	Sebastian	Willacy	1,864	Rural	4	4	7
11	Siesta Shores	Zapata	890	Rural	4	4	6
11	Solis	Cameron	545	Rural	7	7	4
11	South Alamo	Hidalgo	3,101	Rural	6	6	5
11	South Fork Estates	Jim Hogg	47	Rural	4	4	4
11	South Padre Island	Cameron	2,422	Rural	7	7	5
11	South Point	Cameron	1,118	Rural	7	7	5
11	Spofford	Kinney	75	Rural	4	4	4
11	Tierra Bonita	Cameron	160	Rural	4	4	5
11	Utopia	Uvalde	241	Rural	6	6	7
11	Uvalde	Uvalde	14,929	Rural	7	6	6
11	Uvalde Estates	Uvalde	1,972	Rural	6	6	6
11	Val Verde Park	Val Verde	1,945	Rural	6	6	5
11	Villa del Sol	Cameron	132	Rural	4	4	6
11	Villa Pancho	Cameron	386	Urb./Exurb.	7	7	7
11	Villa Verde	Hidalgo	891	Urb./Exurb.	4	4	6
11	West Sharyland	Hidalgo	2,947	Rural	5	5	4
11	Willamar	Willacy	15	Rural	4	4	4
11	Yznaga	Cameron	103	Rural	4	4	7
11	Zapata	Zapata	4,856	Rural	5	7	5
11	Zapata Ranch	Willacy	88	Rural	4	4	6
12	Ackerly	Dawson	245	Rural	5	5	7
12	Andrews	Andrews	9,652	Rural	6	5	5
12	Balmorhea	Reeves	527	Rural	5	4	5
12	Barstow	Ward	406	Rural	7	7	6
12	Big Lake	Reagan	2,885	Rural	6	6	5
12	Big Spring	Howard	25,233	Rural	7	7	5
12	Brady	McCulloch	5,523	Rural	6	7	6
12	Bronte	Coke	1,076	Rural	7	7	6
12	Christoval	Tom Green	422	Rural	7	6	6
12	Coahoma	Howard	932	Rural	5	5	4
12	Coyanosa	Pecos	138	Rural	4	4	5
12	Crane	Crane	3,191	Rural	7	7	5
12	Eden	Concho	2,561	Rural	7	7	6
12	Eldorado	Schleicher	1,951	Rural	4	4	7
12	Forsan	Howard	226	Rural	5	5	7
12	Fort Stockton	Pecos	7,846	Rural	4	5	6
12	Gardendale	Ector	1,197	Rural	4	4	4
12	Goldsmith	Ector	253	Rural	5	5	4
12	Grandfalls	Ward	391	Rural	6	5	7
12	Grape Creek	Tom Green	3,138	Rural	6	6	6
12	Imperial	Pecos	428	Rural	4	4	4
12	Iraan	Pecos	1,238	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Junction	Kimble	2,618	Rural	6	6	6
12	Kermit	Winkler	5,714	Rural	5	5	4
12	Lamesa	Dawson	9,952	Rural	6	6	5
12	Lindsay (Reeves)	Reeves	394	Rural	4	4	7
12	Los Ybanez	Dawson	32	Rural	4	4	4
12	Mason	Mason	2,134	Rural	7	6	6
12	McCamey	Upton	1,805	Rural	5	5	5
12	Melvin	McCulloch	155	Rural	7	7	7
12	Menard	Menard	1,653	Rural	6	6	7
12	Mertzon	Irion	839	Rural	4	4	6
12	Midland	Midland	94,996	Urb./Exurb.	6	6	5
12	Monahans	Ward	6,821	Rural	7	7	4
12	Ozona	Crockett	3,436	Rural	5	5	5
12	Paint Rock	Concho	320	Rural	7	7	6
12	Pecos	Reeves	9,501	Rural	4	5	6
12	Pyote	Ward	131	Rural	4	4	7
12	Rankin	Upton	800	Rural	5	4	6
12	Robert Lee	Coke	1,171	Rural	7	7	6
12	Sanderson	Terrell	861	Rural	7	6	6
12	Seagraves	Gaines	2,334	Rural	7	6	4
12	Seminole	Gaines	5,910	Rural	5	5	6
12	Sonora	Sutton	2,924	Rural	4	5	5
12	Stanton	Martin	2,556	Rural	6	6	4
12	Sterling City	Sterling	1,081	Rural	5	5	6
12	Thorntonville	Ward	442	Rural	4	4	5
12	Toyah	Reeves	100	Rural	4	4	4
12	West Odessa	Ector	17,799	Urb./Exurb.	6	6	6
12	Wickett	Ward	455	Rural	7	7	4
12	Wink	Winkler	919	Rural	5	5	4
13	Agua Dulce (El Paso)	El Paso	738	Rural	4	4	7
13	Alpine	Brewster	5,786	Rural	7	7	4
13	Anthony	El Paso	3,850	Urb./Exurb.	4	7	5
13	Butterfield	El Paso	61	Rural	4	4	4
13	Canutillo	El Paso	5,129	Urb./Exurb.	5	5	5
13	Clint	El Paso	980	Rural	4	7	5
13	Dell City	Hudspeth	413	Rural	6	6	6
13	Fabens	El Paso	8,043	Rural	7	7	4
13	Fort Bliss	El Paso	8,264	Urb./Exurb.	5	4	4
13	Fort Davis	Jeff Davis	1,050	Rural	5	5	7
13	Fort Hancock	Hudspeth	1,713	Rural	6	6	6
13	Homestead Meadows North	El Paso	4,232	Rural	6	6	7
13	Homestead Meadows South	El Paso	6,807	Rural	7	7	6
13	Horizon City	El Paso	5,233	Rural	4	4	5
13	Marathon	Brewster	455	Rural	5	4	6
13	Marfa	Presidio	2,121	Rural	5	6	6
13	Morning Glory	El Paso	627	Rural	4	4	4
13	Prado Verde	El Paso	200	Urb./Exurb.	4	4	7
13	Presidio	Presidio	4,167	Rural	6	6	5
13	Redford	Presidio	132	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
13	San Elizario	El Paso	11,046	Urb./Exurb.	5	4	6
13	Sierra Blanca	Hudspeth	533	Rural	5	4	7
13	Socorro	El Paso	27,152	Urb./Exurb.	6	4	7
13	Sparks	El Paso	2,974	Rural	6	6	6
13	Study Butte-Terlingua	Brewster	267	Rural	5	4	4
13	Tornillo	El Paso	1,609	Rural	7	4	5
13	Valentine	Jeff Davis	187	Rural	6	5	4
13	Van Horn	Culberson	2,435	Rural	7	7	5
13	Vinton	El Paso	1,892	Rural	7	7	6
13	Westway	El Paso	3,829	Urb./Exurb.	7	7	6

2007 HOME Affordable Housing Need Scores (AHNS)

County Level (Sorted by Region then County.)

Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.

Special Circumstances

(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	7	7	5
1	Bailey	4	4	5
1	Briscoe	7	7	5
1	Carson	6	6	6
1	Castro	5	5	5
1	Childress	5	6	4
1	Cochran	5	4	6
1	Collingsworth	5	5	5
1	Crosby	6	6	5
1	Dallam	6	6	6
1	Deaf Smith	4	5	5
1	Dickens	6	6	7
1	Donley	7	7	5
1	Floyd	6	5	5
1	Garza	7	7	7
1	Gray	5	5	6
1	Hale	5	5	5
1	Hall	6	6	6
1	Hansford	5	5	6
1	Hartley	7	7	6
1	Hemphill	6	6	5
1	Hockley	5	5	6
1	Hutchinson	6	6	5
1	Lamb	6	6	5
1	Lipscomb	5	5	6
1	Lubbock	5	5	6
1	Lynn	5	4	5
1	Moore	5	5	4
1	Motley	5	5	4
1	Ochiltree	4	5	4
1	Oldham	7	7	7
1	Parmer	6	6	4
1	Potter	4	4	7
1	Randall	6	6	4
1	Roberts	7	7	5
1	Sherman	6	6	6
1	Swisher	5	5	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Terry	5	5	6
1	Wheeler	5	5	5
1	Yoakum	6	6	6
2	Archer	4	4	5
2	Baylor	5	5	4
2	Brown	6	6	6
2	Callahan	5	6	6
2	Clay	7	7	6
2	Coleman	5	5	5
2	Comanche	7	7	6
2	Cottle	5	5	4
2	Eastland	5	5	6
2	Fisher	6	6	4
2	Foard	6	6	6
2	Hardeman	7	7	4
2	Haskell	6	6	6
2	Jack	6	6	7
2	Jones	5	5	6
2	Kent	4	4	6
2	Knox	4	4	6
2	Mitchell	6	6	5
2	Montague	5	5	6
2	Nolan	6	5	5
2	Runnels	6	6	6
2	Scurry	6	6	6
2	Shackelford	6	6	5
2	Stephens	6	5	4
2	Stonewall	5	5	6
2	Taylor	6	6	4
2	Throckmorton	5	5	4
2	Wichita	6	6	5
2	Wilbarger	4	5	5
2	Young	5	5	5
3	Collin	5	5	5
3	Cooke	5	5	5
3	Dallas	5	5	5
3	Denton	5	5	5
3	Ellis	5	6	6
3	Erath	6	6	6
3	Fannin	5	6	5
3	Grayson	5	5	6
3	Hood	5	5	5
3	Hunt	6	5	6
3	Johnson	5	5	6
3	Kaufman	6	6	5
3	Navarro	5	5	6
3	Palo Pinto	6	6	5
3	Parker	6	6	5
3	Rockwall	5	5	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Somervell	5	5	6
3	Tarrant	5	5	5
3	Wise	6	6	6
4	Anderson	6	6	6
4	Bowie	6	6	5
4	Camp	4	5	6
4	Cass	5	5	5
4	Cherokee	5	5	6
4	Delta	7	7	7
4	Franklin	4	6	6
4	Gregg	6	5	5
4	Harrison	5	5	6
4	Henderson	5	6	5
4	Hopkins	5	5	6
4	Lamar	5	5	5
4	Marion	7	7	6
4	Morris	7	7	5
4	Panola	5	5	5
4	Rains	7	7	5
4	Red River	6	5	5
4	Rusk	6	5	5
4	Smith	5	5	5
4	Titus	6	6	6
4	Upshur	5	5	6
4	Van Zandt	6	5	5
4	Wood	6	6	6
5	Angelina	6	6	5
5	Hardin	5	5	4
5	Houston	6	6	6
5	Jasper	5	5	6
5	Jefferson	5	5	5
5	Nacogdoches	6	6	5
5	Newton	6	5	5
5	Orange	6	6	6
5	Polk	6	6	6
5	Sabine	5	5	5
5	San Augustine	7	6	6
5	San Jacinto	5	5	6
5	Shelby	5	5	6
5	Trinity	6	6	7
5	Tyler	6	5	6
6	Austin	5	5	6
6	Brazoria	6	6	6
6	Chambers	6	5	5
6	Colorado	6	5	6
6	Fort Bend	6	5	5
6	Galveston	6	6	6
6	Harris	5	5	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Liberty	5	5	6
6	Matagorda	5	5	5
6	Montgomery	6	6	5
6	Walker	7	7	6
6	Waller	5	6	6
6	Wharton	5	5	6
7	Bastrop	5	5	6
7	Blanco	5	5	5
7	Burnet	6	6	6
7	Caldwell	5	5	6
7	Fayette	6	6	6
7	Hays	5	5	6
7	Lee	5	5	4
7	Llano	5	6	5
7	Travis	5	5	5
7	Williamson	6	6	6
8	Bell	5	5	4
8	Bosque	4	5	6
8	Brazos	6	6	6
8	Coryell	6	6	5
8	Falls	6	6	5
8	Freestone	5	5	6
8	Grimes	4	4	7
8	Hamilton	5	5	6
8	Hill	6	6	6
8	Lampasas	5	5	5
8	Leon	5	5	7
8	Limestone	6	6	6
8	McLennan	5	5	5
8	Milam	6	6	5
8	Mills	6	6	7
8	San Saba	5	5	4
9	Atascosa	5	6	6
9	Bandera	6	7	7
9	Bexar	5	5	4
9	Comal	6	6	5
9	Frio	5	5	6
9	Gillespie	5	6	6
9	Guadalupe	5	5	6
9	Karnes	6	5	5
9	Kendall	6	6	7
9	Kerr	7	7	7
9	Medina	6	6	6
9	Wilson	6	6	6
10	Aransas	6	6	7
10	Bee	5	5	5
10	Brooks	5	4	6
10	Calhoun	6	6	5
10	DeWitt	6	6	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Duval	5	5	5
10	Goliad	5	5	7
10	Gonzales	6	6	6
10	Jackson	5	5	5
10	Jim Wells	5	5	5
10	Kleberg	7	7	6
10	Lavaca	6	6	5
10	Live Oak	6	6	5
10	Nueces	5	5	5
10	Refugio	6	6	6
10	San Patricio	5	6	5
10	Victoria	6	6	5
11	Cameron	5	5	5
11	Dimmit	6	6	6
11	Edwards	6	5	6
11	Hidalgo	6	6	6
11	Jim Hogg	5	5	5
11	Kinney	6	6	5
11	La Salle	5	6	4
11	Maverick	5	5	5
11	Real	7	7	7
11	Starr	5	6	6
11	Uvalde	6	6	6
11	Val Verde	5	5	6
11	Webb	5	5	5
11	Willacy	5	5	6
11	Zapata	4	5	5
11	Zavala	6	6	6
12	Andrews	6	5	5
12	Coke	7	7	6
12	Concho	7	7	6
12	Crane	7	7	5
12	Crockett	5	5	5
12	Dawson	5	5	5
12	Ector	5	5	5
12	Gaines	6	6	5
12	Howard	6	6	5
12	Irion	4	4	6
12	Kimble	6	6	6
12	Martin	6	6	4
12	Mason	7	6	6
12	McCulloch	7	7	7
12	Menard	6	6	7
12	Midland	6	6	5
12	Pecos	4	4	5
12	Reagan	6	6	5
12	Reeves	4	4	6
12	Schleicher	4	4	7
12	Sterling	5	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Sutton	4	5	5
12	Terrell	7	6	6
12	Tom Green	7	6	6
12	Upton	5	5	6
12	Ward	6	6	6
12	Winkler	5	5	4
13	Brewster	6	5	5
13	Culberson	7	7	5
13	El Paso	5	5	6
13	Hudspeth	6	5	6
13	Jeff Davis	6	5	6
13	Presidio	5	5	6

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Presentation, Discussion and Possible Action on the 2007 HOME Investment Partnership Program Preservation and Rental Development Program Notice of Funding Availability (NOFA).

Required Action

Approve, deny or approve with amendments the 2007 HOME Preservation and Rental Development NOFA.

Background

Staff proposes the release of approximately $5,000,000 in federal funding from the HOME Investment Partnership Program (HOME) to develop affordable rental housing for low-income Texans. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

Approximately $2,000,000 of these funds are specifically targeted for rental development proposals which involve the acquisition and rehabilitation of existing affordable housing that is at-risk of losing 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. The remaining $3,000,000 in funds will be available to all eligible Applicants for rental development activities.

In a departure from previous rental NOFAs, this program will not be awarded on a first-come, first-served basis. The Department has also included scoring criteria that will give priority to developments that are not layered with competitive 9% Housing Tax Credit applications. These changes are intended to expedite the expenditure of HOME rental development funds.

Pursuant to §2306.111(d) of the Texas Government Code, funding will be awarded on a competitive basis to all urban/exurban areas and rural areas (sub-regions) of each uniform state service region based on the regional allocation formula developed by the Department. The deadline for submitting Applications is March 1, 2007. Any available fund balances not requested in response to this NOFA by the March 1, 2007 deadline will be made available through a subsequent open application NOFA to be released in April 2007.

The Department provides HOME funding from the federal government to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of local government.

Award amounts are limited to no more than $3 million per development, pursuant to §53.54(2) of the HOME rule. The Maximum award may not exceed 90% of the total development costs and the remaining 10% of total development costs must be in the form of loans, grants or equity from private or public entities. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD.

The availability and use of these funds is subject to the State HOME Rules at 10 TAC Chapter 53 ("HOME Rules") in effect at the time the NOFA is released, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code.

Recommendation

Staff recommends the Board Approve the 2007 HOME Preservation and Rental Development NOFA for publication in the *Texas Register* and to the Department's website.

Texas Department of Housing and Community Affairs

HOME Investment Partnerships Program

Notice of Funding Availability (NOFA)
Preservation and Rental Development Competitive Application Cycle

1) Summary

a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $5,000,000 in federal funding from the HOME Investment Partnership Program (HOME) to develop affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 ("HOME Rules") in effect at the time the NOFA is released, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code.

2) Allocation of HOME Funds

a) These funds are made available through the annual federal allocation of HOME funds to the Department. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

b) Approximately $2,000,000 of these funds are specifically targeted for rental development proposals which involve the acquisition and rehabilitation of existing affordable housing that is at-risk of losing 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. The remaining $3,000,000 in funds will be available to all eligible Applicants for rental development activities.

c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ).

d) Pursuant to §2306.111(d) of the Texas Government Code, funding will be awarded on a competitive basis to all urban/exurban areas and rural areas (sub-regions) of each uniform state service region based on the regional allocation formula developed by the Department. If the Department determines under the formula that an insufficient number of eligible Applications have been submitted in a particular uniform state service region, the Department shall use the unused funds allocated to that region for all urban/exurban areas and rural areas in other uniform state service regions based on identified need and financial feasibility. Any available fund balances not requested in response to this NOFA by the March 1, 2007 deadline will be made available through a subsequent open application NOFA to be released in April 2007. The availability of funds to each state service region and sub-region are listed in Table 1 & 2.

private or public entities. The per-unit subsidy may not exceed the per-unit dollar limits established by United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD.

f) 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, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

g) Funds will be awarded in accordance with the rules and procedures as set forth in the State HOME Program rules at 10 TAC §§53.50-53.63. The Department may, at its discretion and based upon review of the financial feasibility of the development, determine to award HOME funds as either a loan or as a grant. Loans cannot exceed amortization of more than 40 years.

3) Eligible and Ineligible Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §§53.53(g) and 53.55 , which involve only the acquisition, rehabilitation and construction of affordable rental developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR 92.214 and 10 TAC §53.56.

c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ).

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME funding from the federal government to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of local government.

b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.53(b) of the Department's HOME rule, clarification for §53.53(b)(6) creates ineligibility with any requirements under 10 TAC 49.5(a) of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. At a minimum, at least 20% of HOME assisted units should be affordable to persons earning 50% or less than of the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

6) Match Requirements

a) Applicants will be required to submit documentation on all financial resources to be used in the Development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and will be provided with the appropriate forms and instructions on how to report eligible match.

7) **Site and Development Restrictions:**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2007 Qualified Allocation Plan (QAP), §49.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential 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 certification will 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.

d) Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR part 3280. These standards pre-empt State and local codes covering the same aspects of performance for such housing. Participating jurisdictions providing HOME assistance to install manufactured housing units must comply with applicable State and local laws or codes. In the absence of such laws or codes, the participating jurisdiction must comply with the manufacturer's written instructions for installation of manufactured housing units. Manufactured housing that is rehabilitated using HOME funds must meet the requirements set out in paragraph (a)(1) of this section.

e) All of the 2007 Qualified Allocation Plan and Rules 10 TAC §49.6, excluding subsections (d), (f), (g) and (h)

f) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.53(f).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title, pursuant to 10 TAC 53.53(i).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.53(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 at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:

  i) 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;

  ii) all neighborhood organizations whose defined boundaries include the location of the Development;

  iii) executive officer and Board President of the school district that covers the location of the Development;

  iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

  v) the State Representative and State Senator whose district covers the location of the Development.

  vi) 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.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

  i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.53(k)

ii) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to §53.53(l)

iii) all of 2007 Qualified Allocation Plan and Rules at 10 TAC §49.9(h), excluding subsections (4)(I), (11), (12) and (15).

9) Selection Process

a) Distribution. Awards will be made based on competitive scoring in each region by urban/exurban and rural designations. Awards will be made in each urban/exurban area and rural area (sub-region) until all funds are allocated in that sub-region. If the Department determines under the formula that an insufficient number of eligible Applications have been submitted for a particular uniform state service region, the Department shall use the unused funds allocated to that region for all urban/exurban areas and rural areas in other uniform state service regions based on identified need and financial feasibility.

b) Scoring Criteria. Applicants may receive up to 156 points based on the scoring criteria listed below, and must obtain a minimum score of 70 points to be considered for award. Evidence of these items must be submitted in accordance with the 2007 Final Application Submission Procedures Manual (ASPM), effective as of the date of issuance of this NOFA. Applicants must also select each item as part of their self score to receive points. The scoring criteria to be used are:

i) HOME Applications Not Layered with Competitive Tax Credits: Applicants whose financial proposals do not include financing through the Department's 9% Competitive Housing Tax Credit Program will receive 30 points.

ii) Leveraging of Public and Private Financing: To encourage the involvement of other public agencies and private entities in affordable housing, Applicants will receive 20 points if their HOME request represents less than 50% of the total development costs, or will receive 10 points if their HOME request represents less than 75% of the total development costs. Applications requesting 75% or more of the total development costs though a HOME award will receive no points. Applicants may use the estimated equity value of Housing Tax Credits in the calculation of leveraged financing.

iii) Minimum HOME Subsidy: To maximize the impact that HOME funds have in developing affordable rental housing, Applicants will receive 20 points for HOME funding requests that do not exceed $20,000 in HOME funds per unit, or will receive 10 points for HOME funding requests that do not exceed $40,000 in HOME funds per unit. Home requests of $40,000 per unit or more will receive no points.

iv) Extremely Low-Income Targeting. To encourage the inclusion of families and individuals with the highest need for affordable housing, Applicants will receive 10 points for proposed developments that provide at least 5% of units to families or individuals earning 30% or less of the area medium income for the Development site.

Applicants will receive 20 points for proposed developments that provide at least 10% of units to families or individuals earning 30% or less of the area medium income for the Development site. The maximum number of points for this item is 20. Rents for these units targeting families or individuals earning 30% or less of the area medium income may not exceed the Department's 30% rent limits for the Housing Trust Fund and Housing Tax Credit programs.

v) Matching Funds: To ensure that the Department continues to meet its federal obligation to provide matching funds under the HOME program, Applicants will receive 15 points for having at least 10% of their total development costs covered by eligible HOME matching financing, or will receive 10 points for having at least 5% of their total development costs covered by eligible HOME matching financing, as outlined in the application materials. Applicants with less than 5% of their total development costs covered by match financing will receive no points.

vi) Location of Development: To encourage the creation of rental housing in communities where affordable units may not already exist, Applicants will receive 10 points for Developments that are located in Cities or Places that have no other affordable rental developments that have received funding from the Department.

vii) Cost-Effectiveness of a Proposed Development: To encourage reasonable and cost effective building strategies, 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. This figure will be calculated by dividing the total residential development costs by the total development square footage (included common areas). These numbers are the targets the Department currently uses for its Performance Measures.

viii) Affordable Housing Needs Score: To encourage development in communities with the highest identifiable housing needs, Applicants will receive the Affordable Housing Needs Score (AHNS) for the place or location of the Development site. The range of points is from 0 to 7. The AHNS list will be provided in the application materials.

ix) Needs Assessment. Pursuant to 10 TAC §53.60(1), Applicants will receive 6 points if evidence is provided that the proposed Development meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application materials.

x) Program Design. Pursuant to 10 TAC §53.60(2), Applicants will receive 6 points if evidence is provided that the proposed Development meets the needs identified in the needs assessment, whether the design is complete and whether the Development fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

xi) Capability of Applicant. Pursuant to 10 TAC §53.60(3), Applicants will receive 6 points if evidence is provided that the Applicant has the capacity to administer and manage the proposed program/Development, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

xii) Financial Feasibility. Pursuant to 10 TAC §53.60(4), Applicants will receive 6 points if supporting financial data provided by the Applicant and third party reports submitted with the Application indicates that the Development will be financially feasible.

10) Tie Breakers

a) Pursuant to 10 TAC §53.59(c)(4), in the event that two or more Applications receive the same number of points in the 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 an award. The Department may also recommend a partial funding recommendation.

i) Affordable Housing Needs Score. The Affordable Housing Needs Score (AHNS) for the place or location of the Development site will be used as the first tie breaker criteria. The AHNS represents up to 7 points.

ii) Long-term Feasibility. The second tie breaker criteria will be average debt coverage ratio calculated on the Applicant's originally submitted proforma. The Applicant with the highest average debt coverage ratio over the period of time represented in the proforma will win the tie breaker.

11) Submission and Review Process

a) All Applications submitted under this NOFA must be received on or before 5:00 p.m. on March 1, 2007. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. The Department will publish a list of all Applications received, organized by region and sub-region, on or before March 15, 2007. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, Scoring and Financial Feasibility, in accordance with §53.60 of the HOME Rule and as stated in Section 9(c) of this NOFA.

b) All applications must be submitted, and provide all documentation, as described in this NOFA and the 2007 ASPM.

c) Pursuant to 10 TAC §53.58(c), if an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of Application, the Department staff may request clarification or correction of such Administrative Deficiencies including 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. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the Application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an Application in any manner after the filing deadline, except in response to a direct request from the Department.

d) Pursuant to 10 TAC §53.59(3), a site visit will be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

e) 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 pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

f) Pursuant to 10 TAC §53.59(c)(4) and (5), Applicants will be notified of their score in writing no later than seven calendar days after all Applications received have been scored. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. 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. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility. Subsequently, recommendations for funding will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be

g) In accordance with §2306.082 Texas Government Code and 10 TAC §53.58(d), 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.

h) Pursuant to §2306.1112 and §2306.6731 of the Texas Government Code, after eligible Applications have been evaluated, ranked and underwritten in accordance with this NOFA, 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.

i) An Applicant may appeal decisions made by staff in accordance with 10 TAC §§1.7.

12) Application Submission

a) Application materials must be organized and submitted in the manner detailed in the 2007 Final ASPM for rental developments. Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2007 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2007 Final ASPM.

b) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department’s website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

c) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier’s check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

d) Applications must be sent via 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 particular HOME Preservation and Rental Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Presentation, Discussion and Possible Action on the 2007 HOME Investment Partnerships Program Community Housing Development Organization (CHDO) Rental Development Program Notice of Funding Availability (NOFA).

Required Action

Approve, deny or approve with amendments the 2007 HOME CHDO Rental Development NOFA.

Background

In order to fulfill the Department's federal obligations under the HOME Investment Partnerships Program, staff proposes the release of approximately $6,000,000 in HOME CHDO funds to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI). Pursuant to §2306.111(d) of the Texas Government Code, funding will be awarded on a competitive basis to all urban/exurban areas and rural areas (sub-regions) of each uniform state service region based on the regional allocation formula developed by the Department. The deadline for submitting competitive Applications will be March 1, 2007. Any available fund balances not requested in response to this NOFA by the March 1, 2007 deadline will be made available through a subsequent open application NOFA to be released in April 2007.

In a departure from previous rental NOFAs, this program will not be awarded on a first-come, first-served basis. The Department has also included scoring criteria that will give priority to developments that are not layered with competitive 9% Housing Tax Credit applications. These changes are intended to expedite the expenditure of HOME rental development funds.

The Department provides HOME CHDO funding from the federal government to qualified nonprofit organizations eligible for CHDO certification. All Applicants will be required to submit an Application for CHDO certification with each rental development Application and to satisfy the requirements of §53.63 of the Department's HOME Rule. Previous CHDO status or certification will not be accepted. The CHDO Application package will be available with all other application materials on the Department's website.

Award amounts are limited to no more than $3 million per development, pursuant to §53.54(2) of the HOME rule. The Maximum award may not exceed 90% of the total development costs and the remaining 10% of total development costs must be in the form of loans, grants or equity from private or public entities. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD.

Each CHDO that is awarded Rental Development funds may be eligible to receive a grant of CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed \$50,000. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO operating funds during the same fiscal year and to further limit the award of CHDO Operating Expenses, as necessary. The total amount of CHDO operating grants for fiscal year 2007 may not exceed \$300,000.

The availability and use of these funds is subject to the State HOME Rules at 10 TAC Chapter 53 ("HOME Rules") in effect at the time the NOFA is released, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code.

Recommendation

Staff recommends the Board approve the 2007 HOME CHDO Rental Development NOFA and authorize the publication of the NOFA in the *Texas Register* and the Department's website.

Texas Department of
Housing and Community Affairs
HOME Investment Partnerships Program

Notice of Funding Availability (NOFA)
Community Housing Development Organization Housing Development

1) Summary

a) The Texas Department of Housing and Community Affairs ("the Department") announces the availability of approximately $6,000,000 in federal funding from the HOME Investment Partnership Program (HOME) for Community Housing Development Organizations (CHDOs) to develop affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 ("HOME Rules") in effect at the time the NOFA is released, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code.

2) Allocation of HOME CHDO Funds

a) CHDO funding is made available as a set-aside from the annual federal allocation of HOME funds to the Department. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

b) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ).

c) Pursuant to §2306.111(d) of the Texas Government Code, funding will be awarded on a competitive basis to all urban/exurban areas and rural areas (sub-regions) of each uniform state service region based on the regional allocation formula developed by the Department. If the Department determines under the formula that an insufficient number of eligible Applications have been submitted from a particular uniform state service region, the Department shall use the unused funds allocated to that region for all urban/exurban areas and rural areas in other uniform state service regions based on identified need and financial feasibility. Any available fund balances not requested in response to this NOFA by the March 1, 2007 deadline will be made available though a subsequent open application NOFA to be released in April 2007. The availability of funds to each state service region and sub-region is listed in Table 1.

Table 1. HOME CHDO Regional Allocation, by region and sub-region

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$384,153	6%	$384,095	100%	$59	0%
2	Abilene	$267,853	5%	$260,662	98%	$7,192	2%
3	Dallas/Fort Worth	$958,725	18%	$323,955	28%	$634,770	72%
4	Tyler	$753,756	12%	$664,174	88%	$89,582	12%
5	Beaumont	$356,634	6%	$313,512	85%	$43,122	15%
6	Houston	$427,329	7%	$189,373	45%	$237,956	55%
7	Austin/Round Rock	$255,674	4%	$137,179	55%	$118,495	45%
8	Waco	$210,703	3%	$129,224	62%	$81,479	38%
9	San Antonio	$336,149	6%	$257,048	78%	$79,101	22%
10	Corpus Christi	$461,147	7%	$310,225	82%	$150,922	18%
11	Brownsville/Harlingen	$1,119,786	18%	$665,684	66%	$454,102	34%
12	San Angelo	$339,780	5%	$131,636	38%	$208,144	62%
13	El Paso	$128,309	3%	$85,887	64%	$42,422	36%
	Total	$6,000,000	100%	$3,852,655	64%	$2,147,345	36%

Note: Funds are limited only to Developments located outside of local HOME Participating Jurisdictions.

d) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.54(2). Award amounts are limited to no more than $3 million per development. The minimum HOME award may not be less than $1,000 per HOME assisted unit. The Maximum award may not exceed 90% of the total development costs. The remaining 10% of total development costs must be in the form of loans or grants from private or public entities. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD.

e) 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, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

f) Funds will be awarded in accordance with the rules and procedures as set forth in the State of Texas HOME Program rules at 10 TAC §§53.50-53.63. The Department may, at its discretion and based upon review of the financial feasibility of the development, determine to award HOME funds as either a loan or as a grant. Loans cannot exceed amortization of more than 40 years.

g) Each CHDO that is awarded Rental Development funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed $50,000. Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receiving no more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award for CHDO Operating Expenses. The total amount of CHDO operating grants for fiscal year 2007 awarded by the Department may not exceed $300,000.

3) Eligible and Ineligible Activities

a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §§53.53(g) and 55.55, which involve only the acquisition, rehabilitation and construction of affordable rental developments.

b) Prohibited activities include those under federal HOME rules at 24 CFR 92.214 and 10 TAC §53.56.

c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ).

d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

4) Eligible and Ineligible Applicants

a) The Department provides HOME CHDO funding from the federal government to qualified nonprofit organizations eligible for CHDO certification. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.63, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.

b) CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence that the CHDO Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300 of the federal HOME rule.

c) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.53(b) of the Department's HOME rule, clarification for §53.53(b)(6) creates ineligibility with any requirements under 10 TAC 49.5(a) of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

5) Affordability Requirements

a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. At a minimum, at least 20% of HOME assisted units should be affordable to persons earning 50% or less than of the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

b) Each development will have a two-tier affordability term.

i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than $15,000 per unit; 10 years if the HOME investment is $15,000 to $40,000 per unit; and 15 years if the HOME investment is greater than $40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.

ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

6) Match Requirements

Applicants will be required to submit documentation on all financial resources to be used in the Development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and will be provided with the appropriate forms and instructions on how to report eligible match.

7) **Site and Development Restrictions:**

a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2007 Qualified Allocation Plan (QAP), §49.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential 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 certification will 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.

d) Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR part 3280. These standards pre-empt State and local codes covering the same aspects of performance for such housing. Participating jurisdictions providing HOME assistance to install manufactured housing units must comply with applicable State and local laws or codes. In the absence of such laws or codes, the participating jurisdiction must comply with the manufacturer's written instructions for installation of manufactured housing units. Manufactured housing that is rehabilitated using HOME funds must meet the requirements set out in paragraph (a)(1) of this section.

e) All of the 2007 Qualified Allocation Plan and Rules 10 TAC §49.6, excluding subsections (d), (f), (g) and (h)

f) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.53(f).

8) Threshold Criteria

a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title, pursuant to 10 TAC 53.53(i).

c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

d) Pursuant to 10 TAC §53.53(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 at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:

   i) 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;

   ii) all neighborhood organizations whose defined boundaries include the location of the Development;

   iii) executive officer and Board President of the school district that covers the location of the Development;

iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

v) the State Representative and State Senator whose district covers the location of the Development.

vi) 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.

e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.53(k)

ii) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to §53.53(l)

iii) all of 2007 Qualified Allocation Plan and Rules at 10 TAC §49.9(h), excluding subsections (4)(I), (11), (12) and (15).

9) Selection Process

a) Distribution. Awards will be made based on competitive scoring in each region by urban/exurban and rural designations. Awards will be made in each urban/exurban area and rural area (sub-region) until all funds are allocated in that sub-region. If the Department determines under the formula that an insufficient number of eligible Applications have been submitted for a particular uniform state service region, the Department shall use the unused funds allocated to that region for all urban/exurban areas and rural areas in other uniform state service regions based on identified need and financial feasibility.

b) Scoring Criteria. Applicants may receive up to 156 points based on the scoring criteria listed below, and must obtain a minimum score of 70 points to be considered for award. Evidence of these items must be submitted in accordance with the 2007 Final Application Submission Procedures Manual (ASPM), effective as of the date of issuance of this NOFA. Applicants must also select each item as part of their self score to receive points. The scoring criteria to be used are:

i) HOME Applications Not Layered with Competitive Tax Credits: Applicants whose financial proposals do not include financing through the Department's 9% Competitive Housing Tax Credit Program will receive 30 points.

ii) Leveraging of Public and Private Financing: To encourage the involvement of other public agencies and private entities in affordable housing, Applicants will receive 20 points if their HOME request represents less than 50% of the total development costs, or will receive 10 points if their HOME request represents less than 75% of the total development costs. Applications requesting 75% or more of the total development costs though a HOME award will receive no points. Applicants may use the estimated equity value of Housing Tax Credits in the calculation of leveraged financing.

i) Minimum HOME Subsidy: To maximize the impact that HOME funds have in developing affordable rental housing, Applicants will receive 20 points for HOME funding requests that do not exceed $20,000 in HOME funds per unit, or will receive 10 points for HOME funding requests that do not exceed $40,000 in HOME funds per unit. Home requests of $40,000 per unit or more will receive no points.

ii) Extremely Low-Income Targeting. To encourage the inclusion of families and individuals with the highest need for affordable housing, Applicants will receive 10 points for proposed developments that provide at least 5% of units to families or individuals earning 30% or less of the area medium income for the Development site. Applicants will receive 20 points for proposed developments that provide at least 10% of units to families or individuals earning 30% or less of the area medium income for the Development site. The maximum number of points for this item is 20. Rents for these units targeting families or individuals earning 30% or less of the area medium income may not exceed the Department's 30% rent limits for the Housing Trust Fund and Housing Tax Credit programs.

iii) Matching Funds: To ensure that the Department continues to meet its federal obligation to provide matching funds under the HOME program, Applicants will receive 15 points for having at least 10% of their total development costs covered by eligible HOME matching financing, or will receive 10 points for having at least 5% of their total development costs covered by eligible HOME matching financing, as outlined in the application materials. Applicants with less than 5% of their total development costs covered by match financing will receive no points.

iv) Location of Development: To encourage the creation of rental housing in communities where affordable units may not already exist, Applicants will receive 10 points for Developments that are located in Cities or Places that have no other affordable rental developments that have received funding from the Department.

v) Cost-Effectiveness of a Proposed Development: To encourage reasonable and cost effective building strategies, 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. This figure will be calculated by dividing the total residential development costs by the total development square footage (included common areas). These numbers are the targets the Department currently uses for its Performance Measures.

vi) Affordable Housing Needs Score: To encourage development in communities with the highest identifiable housing needs, Applicants will receive the Affordable Housing Needs Score (AHNS) for the place or location of the Development site. The range of points is from 0 to 7. The AHNS list will be provided in the application materials.

vii) Needs Assessment. Pursuant to 10 TAC §53.60(1), Applicants will receive 6 points if evidence is provided that the proposed Development meets the demographic, economic, and special need characteristics of the population residing in the target area and the need that the HOME program is designed to address, using qualitative and quantitative information, market studies, if appropriate, and other source documentation as delineated in the application guidelines, which are part of the application materials.

viii) Program Design. Pursuant to 10 TAC §53.60(2), Applicants will receive 6 points if evidence is provided that the proposed Development meets the needs identified in the needs assessment, whether the design is complete and whether the Development fits within the community setting. Information required includes, but is not limited to: community involvement; support services and resources; scope of program; income and population targeting; marketing, fair housing and relocation plans, as applicable.

ix) Capability of Applicant. Pursuant to 10 TAC §53.60(3), Applicants will receive 6 points if evidence is provided that the Applicant has the capacity to administer and manage the proposed program/Development, demonstrated through previous experience either by the Applicant, cooperating entity or key staff (including other contracted service providers), in program management, property management, acquisition, rehabilitation, construction, real estate finance counseling and training or other activities relevant to the proposed program, and the extent to which Applicant has the capability to manage financial resources, as evidenced by previous experience, documentation of the Applicant or key staff, and existing financial control procedures.

x) Financial Feasibility. Pursuant to 10 TAC §53.60(4), Applicants will receive 6 points if supporting financial data provided by the Applicant and third party reports submitted with the Application indicates that the Development will be financially feasible.

10) Tie Breakers

a) Pursuant to 10 TAC §53.59(c)(4), in the event that two or more Applications receive the same number of points in the 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 an award. The Department may also recommend a partial funding recommendation.

   i) Affordable Housing Needs Score. The Affordable Housing Needs Score (AHNS) for the place or location of the Development site will be used as the first tie breaker criteria. The AHNS represents up to 7 points.

   ii) Long-term Feasibility. The second tie breaker criteria will be average debt coverage ratio calculated on the Applicant's originally submitted proforma. The Applicant with the highest average debt coverage ratio over the period of time represented in the proforma will win the tie breaker.

11) Submission and Review Process

a) All Applications submitted under this NOFA must be received on or before 5:00 p.m. on March 1, 2007. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. The Department will publish a list of all Applications received, organized by region and sub-region, on or before March 15, 2007. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, Scoring and Financial Feasibility, in accordance with §53.60 of the HOME Rule and as stated in Section 9(c) of this NOFA.

b) All applications must be submitted, and provide all documentation, as described in this NOFA and the 2007 Final Application Submission Procedures Manual (ASPM), which will be updated after this NOFA is final.

c) Pursuant to 10 TAC §53.58(c), if an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of Application, the Department staff may request clarification or correction of such Administrative Deficiencies including 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. If Administrative Deficiencies are not cured to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the Application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or

Table 1. HOME Preservation Regional Allocation, by region and sub-region

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$128,051	6%	$128,032	100%	$20	0%
2	Abilene	$89,284	5%	$86,887	98%	$2,397	2%
3	Dallas/Fort Worth	$319,575	18%	$107,985	28%	$211,590	72%
4	Tyler	$251,252	12%	$221,391	88%	$29,861	12%
5	Beaumont	$118,878	6%	$104,504	85%	$14,374	15%
6	Houston	$142,443	7%	$63,124	45%	$79,319	55%
7	Austin/Round Rock	$85,225	4%	$45,726	55%	$39,498	45%
8	Waco	$70,234	3%	$43,075	62%	$27,160	38%
9	San Antonio	$112,050	6%	$85,683	78%	$26,367	22%
10	Corpus Christi	$153,716	7%	$103,408	82%	$50,307	18%
11	Brownsville/Harlingen	$373,262	18%	$221,895	66%	$151,367	34%
12	San Angelo	$113,260	5%	$43,879	38%	$69,381	62%
13	El Paso	$42,770	3%	$28,629	64%	$14,141	36%
	Total	$2,000,000	100%	$1,284,218	64%	$715,782	36%

Note: Funds are limited only to Developments located outside of local HOME Participating Jurisdictions.

Table 2. HOME Rental Development Regional Allocation, by region and sub-region

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$192,077	0%	$192,047	100%	$29	0%
2	Abilene	$133,927	5%	$130,331	98%	$3,596	2%
3	Dallas/Fort Worth	$479,363	18%	$161,978	28%	$317,385	72%
4	Tyler	$376,878	12%	$332,087	88%	$44,791	12%
5	Beaumont	$178,317	6%	$156,756	85%	$21,561	15%
6	Houston	$213,665	7%	$94,687	45%	$118,978	55%
7	Austin/Round Rock	$127,837	4%	$68,590	55%	$59,247	45%
8	Waco	$105,352	3%	$64,612	62%	$40,740	38%
9	San Antonio	$168,074	6%	$128,524	78%	$39,550	22%
10	Corpus Christi	$230,574	7%	$155,112	82%	$75,461	18%
11	Brownsville/Harlingen	$559,893	18%	$332,842	66%	$227,051	34%
12	San Angelo	$169,890	5%	$65,818	38%	$104,072	62%
13	El Paso	$64,154	3%	$42,944	64%	$21,211	36%
	Total	$3,000,000	100%	$1,926,327	64%	$1,073,673	36%

Note: Funds are limited only to Developments located outside of local HOME Participating Jurisdictions.

e) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families. Award amounts are limited to no more than $3 million per development, pursuant to 10 TAC §53.54(2). The minimum HOME award may not be less than $1,000 per HOME assisted unit. The Maximum award may not exceed 90% of the total development costs. The remaining 10% of total Development costs must be in the form of loans or grants from after the end of the Application Acceptance Period. An Applicant may not change or supplement an Application in any manner after the filing deadline, except in response to a direct request from the Department.

d) Pursuant to 10 TAC §53.59(3), a site visit will be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.

e) 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 pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

f) Pursuant to 10 §53.59(c)(4) and (5), Applicants will be notified of their score in writing no later than seven calendar days after all Applications received have been scored. Should an Activity not have enough qualified Applicants, the funds will be redirected to the next Activity and geography type in the region that had a higher number of qualified Applicants. 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. Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility. Subsequently, recommendations for funding will be made available on the Department’s website at least seven calendar days prior to the Board meeting at which the awards may be

g) In accordance with §2306.082 Texas Government Code and 10 TAC §53.58(d), 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.

h) Pursuant to §2306.1112 and §2306.6731 of the Texas Government Code, after eligible Applications have been evaluated, ranked and underwritten in accordance with this NOFA, 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.

i) An Applicant may appeal decisions made by staff in accordance with 10 TAC §§1.7.

12) Application Submission

a) Application materials must be organized and submitted in the manner detailed in the 2007 Final ASPM for rental developments. Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2007 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2007 Final ASPM.

b) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

c) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

d) Applications must be sent via 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 particular HOME CHDO Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Presentation, Discussion and Possible Action of Applicant's request for an appeal to staff's recommendation to terminate HOME loan commitment for Star Village Apartments.

Required Action

Approve, amend or deny the Applicant's appeal of staff's recommendation to terminate HOME CHDO loan commitment #1000383 to Housing Plus, Inc. for the Star Village Apartments.

Background

The Department received an application for HOME CHDO Rental Development funds from Housing Plus, Inc. in November 2004, under the 2004 HOME CHDO Open Cycle Notice of Funding Availability (NOFA) for Rental Development. The Development received no other funding from the Department. The proposed Development was to be located in San Benito, Cameron County, Texas. The Development included fifty-two (52) multifamily units targeted to the general population with low and very-low incomes. The proposed Development was to be located adjacent to other residential neighborhoods and close to community services and employment opportunities.

The Board approved the award of funds to the Development in May 2005. The Applicant was provided with a six (6) month time period to close on the construction financing for the Development. Subsequently, the Applicant requested and received a four (4) month extension of the closing date until May 1, 2006. Since May 2006, the Applicant has not closed and has requested additional action. The Applicant has presented the following significant changes to the financial structure of the Development:

- The total development costs increased from $3,778,713 to $4,779,213, an increase of $1,000,500 from the original underwriting analysis.
- The Applicant requested an increase in their award from $1,675,000 to $2,870,313, an increase of $1,195,313.
- The Department would remain in a second lien position even though the Department would have more funds and risk in the development because the primary lender will be using a 221(d)(4) mortgage program through FHA. The Department's loan would be required to be a cash flow loan due to limited repayment.
- The Department's share of total permanent financing would increase from 49% to 60% if the increase in award and costs are approved.

After reviewing the Applicant's requested changes and noting their lack of firm construction pricing or contracts, staff has made the following determinations:

- The Applicant is not sufficiently prepared to move forward with the Development even if granted an additional extension to the closing deadline.
- The Department's financial analysis of the Development does not justify the considerable increase in costs.
- The Department's financial risk in the Development will greatly increase given the increase in costs and additional HOME investment.
- The Department's financial benefits will effectively be eliminated given requirements to change the loan to a cash flow note.

On November 6, 2006, due to the expiration of the commitment, the Applicant was notified by the Department that the commitment of funds would be rescinded.

Staff also wishes to note that the Applicant is currently under review for a delinquent contract under the HOME Single Family Program. This issue involves the Department's consideration of taking back the deed and title to a property for Single Family Housing Development, in lieu of foreclosure on the subject property. No action has been taken on this issue, however the Applicant may be technically ineligible for additional funding considerations at this time, pursuant to 10 TAC §53.53(b) of the Department's HOME rule.

The Applicant is requesting an appeal to the Executive Director and subsequently the Board to consider their request for an extension to the closing deadline; to allow them to increase their award to $2,870,313; and to change the payment terms of their award to make repayment of HOME funds to the Department conditioned on available cash flow.

Recommendation

Staff recommends the Board deny the appeal to extend the loan commitment.

If the Board grants the Applicant's appeal for an extension, staff would recommend a nine (9) month extension with monthly status reports of the construction with no additional funding.

Housing Plus, Inc.

November 13, 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Re: Star Village Apartments, Appeal to the Executive Director; CHDO Rental Housing Development Commitment No. 1000383

Dear Mr. Gerber:

Pursuant to 10 TAC 1.7, Housing Plus, Inc. hereby appeals staff's decision to rescind HOME Program Commitment No. 1000383, a $1,675,000 Community Housing Development Organization (CHDO) loan for Star Village Apartments, a 52-unit rental housing development in San Benito, Cameron County, Texas (Region 11). The ground for appeal is "procedural error whereas TDHCA did not respond to Housing Plus' request for additional CHDO funds.

Housing Plus' initial costs estimates were submitted in an application to TDHCA over two years ago. Since then, the increased demand for construction materials and labor due to the recovery efforts from Hurricanes Katrina & Rita, and the recent increases in gasoline prices, have directly affected the cost of construction. Housing Plus' current cost estimates are based on the recent submission of two construction bids, and were supported by Dominion Due Diligence, the third-party underwriter of Prudential Huntoon Paige, utilizing the Segregation Method and R.S. Means 2006 Construction Data. Housing Plus has also provided additional responses and data to TDHCA as requested in a letter from Mr. David Danenfelzer, TDHCA Multifamily Finance Division, dated July 11, 2006.

The demand for affordable rental units in San Benito and the surrounding area is still apparent. The completion of Star Village Apartments will help address this demand and meet TDHCA's mission of achieving an improved quality of life. Thank you for the opportunity to submit this appeal, and I look forward to TDHCA's decision.

Should you have any questions, please feel free to contact me at (956) 421-3290.

Respectfully submitted,

Alfredo Huerta
Executive Director

cc: Mr. David Danenfelzer, Multifamily Finance Division, TDHCA

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

November 6, 2006

Fred Huerta, Executive Director
Housing Plus, Inc.
518 East Harrison St.
Harlingen, Texas 78550

Re: Star Village Apartments Loan Commitment (#1000383)

Dear Mr. Huerta,

The Texas Department of Housing and Community Affairs (the "Department") awarded HOME CHDO funds to the above referenced development and subsequently executed a binding commitment on June 30, 2005 The Department executed an amendment to the expiration date of that commitment on Oct. 25, 2005 to extend the expiration date from January 1, 2006 to May 1, 2006. Pursuant to the terms of the original commitment and the amendment, the commitment of funds has expired. This letter is sent to you for notification that the commitment of funds will be rescinded.

Pursuant to 10 TAC §§1.7 – 1.8, an Applicant may appeal decisions made by staff. You have seven (7) days from the date of this letter to appeal this rescission. If you have any questions please contact David Danenfelzer at (512) 475-3865.

Sincerely,

Robbye G. Meyer
Director of Multifamily Finance

cc file

COMMUNITY AFFAIRS DIVISION
SECTION 8 PROGRAM
BOARD ACTION REQUEST
December 14, 2006

Action Item

Approval of Section 8 Program Streamlined 2007 Annual Public Housing Agency (PHA) Plan for the Texas Department of Housing and Community Affairs.

Required Action

The proposed Streamlined 2007 PHA Plan was on the November board agenda. The Plan was tabled to give staff time to address public comments on the Streamlined 5-Year/Annual PHA Plans for 2005-2009, page 11.

In lieu of resubmitting the 5-Year Plan, staff recommends approval of the proposed Streamlined 2007 PHA Plan with changes listed on page 10. These changes target available assistance to families with disabilities including that the Department may apply for special-purpose vouchers, if available; and will affirmatively market to local non-profit agencies assisting families with disabilities. The Plan is written in compliance with 42 U.S.C.1437(c-1)(a) and (b).

Background

Section 511 of the Quality Housing and Work Responsibility Act (QHWRA), (Public Law No. 105-276), signed into law on October 21, 1998, made several changes to the requirements for entities which administer the Section 8 Housing Choice Voucher Program (HCVP). 42 U.S.C. 1437(c-1)(b) requires public housing agencies such as the Department to submit an Annual Plan.

On June 24, 2003 (FR-4753-F-02), HUD published in the *Federal Register* (Vol. 68, No. 121, Page 37664) a final rule "Deregulation for Small Housing Agencies," that simplifies and streamlines HUD's regulatory requirements for small PHAs that administer the public housing and voucher assistance programs under the United States Housing Act of 1937.

PHAs administering only vouchers are eligible to submit the new streamlined Annual PHA Plan. This year's plan covers the third year of the five year plan that is currently in effect. On June 13, 2006, HUD changed the Department's HCVP budget year from July 1st through June 30th to January 1st through December 31st. At that time, the Department asked HUD if the Department would be required to submit a new PHA plan. On September 28, 2006, HUD responded that the Department must submit a new plan to cover the change in our fiscal year. The streamlined annual plan is limited to reporting only a few select components, and a certification listing any components (programs and policies) changed since submission of the last Annual Plan.

Recommendation

Approve 2007 Annual PHA Plan with changes as presented by staff.

PHA Plans

Streamlined Annual Version

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB No. 2577-0226
(exp. 08/31/2009)

Streamlined Annual PHA Plan for Fiscal Year: 2007

PHA Name:

Texas Department of Housing and Community Affairs

NOTE: This PHA Plan template (HUD-50075-SA) is to be completed in accordance with instructions contained in previous Notices PIH 99-33 (HA), 99-51 (HA), 2000-22 (HA), 2000-36 (HA), 2000-43 (HA), 2001-4 (HA), 2001-26 (HA), 2003-7 (HA), and any related notices HUD may subsequently issue.

Streamlined Annual PHA Plan
Agency Identification

PHA Name: Texas Department of Housing and Community Affairs

PHA Number: TX901

PHA Fiscal Year Beginning: (01/2007)

PHA Programs Administered:

☐**Public Housing and Section 8**
Number of public housing units:
Number of S8 units:

☒**Section 8 Only**
Number of S8 units: **1540**

☐**Public Housing Only**
Number of public housing units:

☐**PHA Consortia: (check box if submitting a joint PHA Plan and complete table)**

Participating PHAs	PHA Code	Program(s) Included in the Consortium	Programs Not in the Consortium	# of Units Each Program
Participating PHA 1:				
Participating PHA 2:				
Participating PHA 3:				

PHA Plan Contact Information:

Name: **E. E. Fariss**
Phone: **(512) 475-3897**
TDD: **1-800-735-2989**
Email (if available): **efariss@tdhca.state.tx.us**

Public Access to Information

Information regarding any activities outlined in this plan can be obtained by contacting: (select all that apply)

☒ PHA's main administrative office ☐ PHA's development management offices

Display Locations For PHA Plans and Supporting Documents

The PHA Plan revised policies or program changes (including attachments) are available for public review and inspection. ☒ Yes ☐ No.

If yes, select all that apply:

☒ Main administrative office of the PHA
☐ PHA development management offices
☒ Main administrative office of the local, county or State government
☐ Public library ☒ PHA website ☐ Other (list below)

PHA Plan Supporting Documents are available for inspection at: (select all that apply)

☒ Main business office of the PHA ☐ PHA development management offices
☐ Other (list below)

Streamlined Annual PHA Plan
Fiscal Year 2007

[24 CFR Part 903.12(c)]

Table of Contents

[24 CFR 903.7(r)]

Provide a table of contents for the Plan, including applicable additional requirements, and a list of supporting documents available for public inspection**.**

A. PHA PLAN COMPONENTS

B. SEPARATE HARD COPY SUBMISSIONS TO LOCAL HUD FIELD OFFICE

Form HUD-50076, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*: *Board Resolution to Accompany the Streamlined Annual Plan* identifying policies or programs the PHA has revised since submission of its last Annual Plan, and including Civil Rights certifications and assurances the changed policies were presented to the Resident Advisory Board for review and comment, approved by the PHA governing board, and made available for review and inspection at the PHA's principal office;

For PHAs Applying for Formula Capital Fund Program (CFP) Grants:

Form HUD-50070, *Certification for a Drug-Free Workplace;*
Form HUD-50071, *Certification of Payments to Influence Federal Transactions*; and
Form SF-LLL &SF-LLLa, *Disclosure of Lobbying Activities*.

1. Site-Based Waiting Lists (Eligibility, Selection, Admissions Policies)

[24 CFR Part 903.12(c), 903.7(b)(2)]

Exemptions: Section 8 only PHAs are not required to complete this component.

***N/A to AGENCY**

A. Site-Based Waiting Lists-Previous Year

1. Has the PHA operated one or more site-based waiting lists in the previous year? If yes, complete the following table; if not skip to B.

Site-Based Waiting Lists				
Development Information: (Name, number, location)	**Date Initiated**	**Initial mix of Racial, Ethnic or Disability Demographics**	**Current mix of Racial, Ethnic or Disability Demographics since Initiation of SBWL**	**Percent change between initial and current mix of Racial, Ethnic, or Disability demographics**

2. What is the number of site based waiting list developments to which families may apply at one time?

3. How many unit offers may an applicant turn down before being removed from the site-based waiting list?

4. ☐ Yes ☐ No: Is the PHA the subject of any pending fair housing complaint by HUD or any court order or settlement agreement? If yes, describe the order, agreement or complaint and describe how use of a site-based waiting list will not violate or be inconsistent with the order, agreement or complaint below:

B. Site-Based Waiting Lists – Coming Year

If the PHA plans to operate one or more site-based waiting lists in the coming year, answer each of the following questions; if not, skip to next component.

1. How many site-based waiting lists will the PHA operate in the coming year?

2. ☐ Yes ☐ No: Are any or all of the PHA's site-based waiting lists new for the upcoming year (that is, they are not part of a previously-HUD-approved site based waiting list plan)?
   If yes, how many lists?

3. ☐ Yes ☐ No: May families be on more than one list simultaneously
If yes, how many lists?

4. Where can interested persons obtain more information about and sign up to be on the site-based waiting lists (select all that apply)?
- ☐ PHA main administrative office
- ☐ All PHA development management offices
- ☐ Management offices at developments with site-based waiting lists
- ☐ At the development to which they would like to apply
- ☐ Other (list below)

2. Capital Improvement Needs

[24 CFR Part 903.12 (c), 903.7 (g)] ***N/A to AGENCY**

Exemptions: Section 8 only PHAs are not required to complete this component.

A. Capital Fund Program

1. ☐ Yes ☐ No Does the PHA plan to participate in the Capital Fund Program in the upcoming year? If yes, complete items 7 and 8 of this template (Capital Fund Program tables). If no, skip to B.

2. ☐ Yes ☐ No: Does the PHA propose to use any portion of its CFP funds to repay debt incurred to finance capital improvements? If so, the PHA must identify in its annual and 5-year capital plans the development(s) where such improvements will be made and show both how the proceeds of the financing will be used and the amount of the annual payments required to service the debt. (Note that separate HUD approval is required for such financing activities.).

B. HOPE VI and Public Housing Development and Replacement Activities (Non-Capital Fund)

Applicability: All PHAs administering public housing. Identify any approved HOPE VI and/or public housing development or replacement activities not described in the Capital Fund Program Annual Statement.

1. ☐ Yes ☐ No: Has the PHA received a HOPE VI revitalization grant? (if no, skip to #3; if yes, provide responses to the items on the chart located on the next page, copying and completing as many times as necessary).

2. Status of HOPE VI revitalization grant(s):

HOPE VI Revitalization Grant Status
a. Development Name: b. Development Number:
c. Status of Grant: ☐ Revitalization Plan under development ☐ Revitalization Plan submitted, pending approval ☐ Revitalization Plan approved ☐ Activities pursuant to an approved Revitalization Plan underway

3. ☐ Yes ☐ No: Does the PHA expect to apply for a HOPE VI Revitalization grant in the Plan year?
If yes, list development name(s) below:

4. ☐ Yes ☐ No: Will the PHA be engaging in any mixed-finance development activities for public housing in the Plan year? If yes, list developments or activities below:

5. ☐ Yes ☐ No: Will the PHA be conducting any other public housing development or replacement activities not discussed in the Capital Fund Program Annual Statement? If yes, list developments or activities below:

3. Section 8 Tenant Based Assistance--Section 8(y) Homeownership Program

(if applicable) [24 CFR Part 903.12(c), 903.7(k)(1)(i)]

1. ☒ Yes ☐ No: Does the PHA plan to administer a Section 8 Homeownership program pursuant to Section 8(y) of the U.S.H.A. of 1937, as implemented by 24 CFR part 982 ? (If "No", skip to the next component; if "yes", complete each program description below (copy and complete questions for each program identified.)

The Department may collaborate with one or more PHAs that have a successful voucher homeownership program.

2. Program Description:

The Department may implement a Section 8 Homeownership program.

a. Size of Program
☒ Yes ☐ No: Will the PHA limit the number of families participating in the Section 8 homeownership option?

If the answer to the question above was yes, what is the maximum number of participants this fiscal year? **<u>25 or fewer participants</u>**

b. PHA-established eligibility criteria

☐ Yes ☒ No: Will the PHA's program have eligibility criteria for participation in its Section 8 Homeownership Option program in addition to HUD criteria? If yes, list criteria:

c. What actions will the PHA undertake to implement the program this year (list)?

3. Capacity of the PHA to Administer a Section 8 Homeownership Program:

The PHA has demonstrated its capacity to administer the program by (select all that apply):

☐ Establishing a minimum homeowner downpayment requirement of at least 3 percent of purchase price and requiring that at least 1 percent of the purchase price comes from the family's resources.

☐ Requiring that financing for purchase of a home under its Section 8 homeownership will be provided, insured or guaranteed by the state or Federal government; comply with secondary mortgage market underwriting requirements; or comply with generally accepted private sector underwriting standards.

☐ Partnering with a qualified agency or agencies to administer the program (list name(s) and years of experience below):

☐ Demonstrating that it has other relevant experience (list experience below):

The Department may collaborate with one or more PHAs that have a successful voucher homeownership program.

4. Use of the Project-Based Voucher Program

Intent to Use Project-Based Assistance *N/A to AGENCY

☐ Yes ☒ No: Does the PHA plan to "project-base" any tenant-based Section 8 vouchers in the coming year? If the answer is "no," go to the next component. If yes, answer the following questions.

1. ☐ Yes ☐ No: Are there circumstances indicating that the project basing of the units, rather than tenant-basing of the same amount of assistance is an appropriate option? If yes, check which circumstances apply:

   ☐ low utilization rate for vouchers due to lack of suitable rental units
   ☐ access to neighborhoods outside of high poverty areas
   ☐ other (describe below:)

2. Indicate the number of units and general location of units (e.g. eligible census tracts or smaller areas within eligible census tracts):

5. PHA Statement of Consistency with the Consolidated Plan

[24 CFR Part 903.15]

For each applicable Consolidated Plan, make the following statement (copy questions as many times as necessary) only if the PHA has provided a certification listing program or policy changes from its last Annual Plan submission.

1. Consolidated Plan jurisdiction: (provide name here)

2. The PHA has taken the following steps to ensure consistency of this PHA Plan with the Consolidated Plan for the jurisdiction: (select all that apply)

☐ The PHA has based its statement of needs of families on its waiting lists on the needs expressed in the Consolidated Plan/s.
☐ The PHA has participated in any consultation process organized and offered by the Consolidated Plan agency in the development of the Consolidated Plan.
☐ The PHA has consulted with the Consolidated Plan agency during the development of this PHA Plan.
☐ Activities to be undertaken by the PHA in the coming year are consistent with the initiatives contained in the Consolidated Plan. (list below)
☐ Other: (list below)

3. The Consolidated Plan of the jurisdiction supports the PHA Plan with the following actions and commitments: (describe below)

6. Supporting Documents Available for Review for Streamlined Annual PHA Plans

PHAs are to indicate which documents are available for public review by placing a mark in the "Applicable & On Display" column in the appropriate rows. All listed documents must be on display if applicable to the program activities conducted by the PHA.

List of Supporting Documents Available for Review		
Applicable & On Display	**Supporting Document**	**Related Plan Component**
X	*PHA Certifications of Compliance with the PHA Plans and Related Regulations and Board Resolution to Accompany the Standard Annual, Standard Five-Year, and Streamlined Five-Year/Annual Plans*;	5 Year and Annual Plans
X	*PHA Certifications of Compliance with the PHA Plans and Related Regulations and Board Resolution to Accompany the Streamlined Annual Plan*	Streamlined Annual Plans
X	*Certification by State or Local Official of PHA Plan Consistency with Consolidated Plan.*	5 Year and standard Annual Plans
X	Fair Housing Documentation Supporting Fair Housing Certifications: Records reflecting that the PHA has examined its programs or proposed programs, identified any impediments to fair housing choice in those programs, addressed or is addressing those impediments in a reasonable fashion in view of the resources available, and worked or is working with local jurisdictions to implement any of the jurisdictions' initiatives to affirmatively further fair housing that require the PHA's involvement.	5 Year and Annual Plans
N/A	Housing Needs Statement of the Consolidated Plan for the jurisdiction(s) in which the PHA is located and any additional backup data to support statement of housing needs for families on the PHA's public housing and Section 8 tenant-based waiting lists.	Annual Plan: Housing Needs
N/A	Most recent board-approved operating budget for the public housing program	Annual Plan: Financial Resources
N/A	Public Housing Admissions and (Continued) Occupancy Policy (A&O/ACOP), which includes the Tenant Selection and Assignment Plan [TSAP] and the Site-Based Waiting List Procedure.	Annual Plan: Eligibility, Selection, and Admissions Policies
N/A	Deconcentration Income Analysis	Annual Plan: Eligibility, Selection, and Admissions Policies
N/A	Any policy governing occupancy of Police Officers and Over-Income Tenants in Public Housing. ☐ Check here if included in the public housing A&O Policy.	Annual Plan: Eligibility, Selection, and Admissions Policies
X	Section 8 Administrative Plan	Annual Plan: Eligibility, Selection, and Admissions Policies
N/A	Public housing rent determination policies, including the method for setting public housing flat rents. ☐ Check here if included in the public housing A & O Policy.	Annual Plan: Rent Determination
N/A	Schedule of flat rents offered at each public housing development. ☐ Check here if included in the public housing A & O Policy.	Annual Plan: Rent Determination
X	Section 8 rent determination (payment standard) policies (if included in plan, not necessary as a supporting document) and written analysis of Section 8 payment standard policies. ☐ Check here if included in Section 8 Administrative Plan.	Annual Plan: Rent Determination
N/A	Public housing management and maintenance policy documents, including policies for the prevention or eradication of pest infestation (including cockroach infestation).	Annual Plan: Operations and Maintenance
N/A	Results of latest Public Housing Assessment System (PHAS) Assessment (or other applicable assessment).	Annual Plan: Management and Operations
N/A	Follow-up Plan to Results of the PHAS Resident Satisfaction Survey (if necessary)	Annual Plan: Operations and Maintenance and Community Service & Self-

List of Supporting Documents Available for Review		
Applicable & On Display	**Supporting Document**	**Related Plan Component**
		Sufficiency
X	Results of latest Section 8 Management Assessment System (SEMAP)	Annual Plan: Management and Operations
X	Any policies governing any Section 8 special housing types ☒ Check here if included in Section 8 Administrative Plan **The Department may apply for special-purpose vouchers targeted to families with disabilities, should they become available. The Department will affirmatively market to local non-profit agencies that assist families with disabilities.**	Annual Plan: Operations and Maintenance
N/A	Public housing grievance procedures ☐ Check here if included in the public housing A & O Policy	Annual Plan: Grievance Procedures
X	Section 8 informal review and hearing procedures. ☒ Check here if included in Section 8 Administrative Plan.	Annual Plan: Grievance Procedures
N/A	The Capital Fund/Comprehensive Grant Program Annual Statement /Performance and Evaluation Report for any active grant year.	Annual Plan: Capital Needs
N/A	Most recent CIAP Budget/Progress Report (HUD 52825) for any active CIAP grants.	Annual Plan: Capital Needs
N/A	Approved HOPE VI applications or, if more recent, approved or submitted HOPE VI Revitalization Plans, or any other approved proposal for development of public housing.	Annual Plan: Capital Needs
N/A	Self-evaluation, Needs Assessment and Transition Plan required by regulations implementing Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. See PIH Notice 99-52 (HA).	Annual Plan: Capital Needs
N/A	Approved or submitted applications for demolition and/or disposition of public housing.	Annual Plan: Demolition and Disposition
N/A	Approved or submitted applications for designation of public housing (Designated Housing Plans).	Annual Plan: Designation of Public Housing
N/A	Approved or submitted assessments of reasonable revitalization of public housing and approved or submitted conversion plans prepared pursuant to section 202 of the 1996 HUD Appropriations Act, Section 22 of the US Housing Act of 1937, or Section 33 of the US Housing Act of 1937.	Annual Plan: Conversion of Public Housing
N/A	Documentation for required Initial Assessment and any additional information required by HUD for Voluntary Conversion.	Annual Plan: Voluntary Conversion of Public Housing
N/A	Approved or submitted public housing homeownership programs/plans.	Annual Plan: Homeownership
N/A	Policies governing any Section 8 Homeownership program (Section ______of the Section 8 Administrative Plan)	Annual Plan: Homeownership
N/A	Public Housing Community Service Policy/Programs ☐ Check here if included in Public Housing A & O Policy	Annual Plan: Community Service & Self-Sufficiency
N/A	Cooperative agreement between the PHA and the TANF agency and between the PHA and local employment and training service agencies.	Annual Plan: Community Service & Self-Sufficiency
N/A	FSS Action Plan(s) for public housing and/or Section 8. The Department has requested an FSS exception, pending HUD response.	Annual Plan: Community Service & Self-Sufficiency
N/A	Section 3 documentation required by 24 CFR Part 135, Subpart E for public housing.	Annual Plan: Community Service & Self-Sufficiency
N/A	Most recent self-sufficiency (ED/SS, TOP or ROSS or other resident services grant) grant program reports for public housing.	Annual Plan: Community Service & Self-Sufficiency
N/A	Policy on Ownership of Pets in Public Housing Family Developments (as required by regulation at 24 CFR Part 960, Subpart G). ☐ Check here if included in the public housing A & O Policy.	Annual Plan: Pet Policy
X	The results of the most recent fiscal year audit of the PHA conducted under the Single Audit Act as implemented by OMB Circular A-133, the results of that audit and the PHA's response to any findings.	Annual Plan: Annual Audit
N/A	Other supporting documents (optional) (list individually; use as many lines as necessary)	(specify as needed)

List of Supporting Documents Available for Review		
Applicable & On Display	**Supporting Document**	**Related Plan Component**
N/A	Consortium agreement(s) and for Consortium Joint PHA Plans Only: Certification that consortium agreement is in compliance with 24 CFR Part 943 pursuant to an opinion of counsel on file and available for inspection.	Joint Annual PHA Plan for Consortia: Agency Identification and Annual Management and Operations

7. Capital Fund Program Annual Statement/Performance and Evaluation Report and Replacement Housing Factor

Annual Statement/Performance and Evaluation Report ***N/A to AGENCY**
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

PHA Name:	**Grant Type and Number** Capital Fund Program Grant No: Replacement Housing Factor Grant No:	**Federal FY of Grant:**

☐**Original Annual Statement** ☐**Reserve for Disasters/ Emergencies** ☐**Revised Annual Statement (revision no:)**
☐**Performance and Evaluation Report for Period Ending:** ☐**Final Performance and Evaluation Report**

Line No.	**Summary by Development Account**	**Total Estimated Cost**		**Total Actual Cost**	
		Original	**Revised**	**Obligated**	**Expended**
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Nondwelling Structures				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration				
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1501 Collaterization or Debt Service				
20	1502 Contingency				
21	Amount of Annual Grant: (sum of lines 2 – 20)				
22	Amount of line 21 Related to LBP Activities				
23	Amount of line 21 Related to Section 504 compliance				
24	Amount of line 21 Related to Security – Soft Costs				

7. Capital Fund Program Annual Statement/Performance and Evaluation Report and Replacement Housing Factor

Annual Statement/Performance and Evaluation Report ***N/A to AGENCY**
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

PHA Name:	**Grant Type and Number** Capital Fund Program Grant No: Replacement Housing Factor Grant No:	**Federal FY of Grant:**

☐**Original Annual Statement** ☐**Reserve for Disasters/ Emergencies** ☐**Revised Annual Statement (revision no:)**
☐**Performance and Evaluation Report for Period Ending:** ☐**Final Performance and Evaluation Report**

Line No.	**Summary by Development Account**	**Total Estimated Cost**		**Total Actual Cost**	
		Original	**Revised**	**Obligated**	**Expended**
25	Amount of Line 21 Related to Security – Hard Costs				
26	Amount of line 21 Related to Energy Conservation Measures				

Annual Statement/Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF)
Part II: Supporting Pages

PHA Name:	**Grant Type and Number** Capital Fund Program Grant No: Replacement Housing Factor Grant No:	**Federal FY of Grant:**

Development Number Name/HA-Wide Activities	General Description of Major Work Categories	Dev. Acct No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised	Funds Obligated	Funds Expended	

7. Capital Fund Program Annual Statement/Performance and Evaluation Report and Replacement Housing Factor

Annual Statement/Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF)
Part II: Supporting Pages

PHA Name:		**Grant Type and Number** Capital Fund Program Grant No: Replacement Housing Factor Grant No:				**Federal FY of Grant:**		
Development Number Name/HA-Wide Activities	General Description of Major Work Categories	Dev. Acct No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised	Funds Obligated	Funds Expended	

Annual Statement/Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF)
Part III: Implementation Schedule

7. Capital Fund Program Annual Statement/Performance and Evaluation Report and Replacement Housing Factor

PHA Name:	**Grant Type and Number** Capital Fund Program No: Replacement Housing Factor No:						**Federal FY of Grant:**
Development Number Name/HA-Wide Activities	All Fund Obligated (Quarter Ending Date)			All Funds Expended (Quarter Ending Date)			Reasons for Revised Target Dates
	Original	Revised	Actual	Original	Revised	Actual	

8. Capital Fund Program Five-Year Action Plan

***N/A to AGENCY**

Capital Fund Program Five-Year Action Plan **Part I: Summary**					
PHA Name				☐ **Original 5-Year Plan** ☐ **Revision No:**	
Development Number/Name/ HA-Wide	Year 1	Work Statement for Year 2 FFY Grant: PHA FY:	Work Statement for Year 3 FFY Grant: PHA FY:	Work Statement for Year 4 FFY Grant: PHA FY:	Work Statement for Year 5 FFY Grant: PHA FY:
	Annual Statement				
CFP Funds Listed for 5-year planning					
Replacement Housing Factor Funds					

8. Capital Fund Program Five-Year Action Plan

Capital Fund Program Five-Year Action Plan Part II: Supporting Pages—Work Activities						
Activities for Year 1	Activities for Year :____ FFY Grant: PHA FY:			Activities for Year: ___ FFY Grant: PHA FY:		
	Development Name/Number	**Major Work Categories**	**Estimated Cost**	**Development Name/Number**	**Major Work Categories**	**Estimated Cost**
See						
Annual						
Statement						
Total CFP Estimated Cost			$			$

8. Capital Fund Program Five-Year Action Plan

Capital Fund Program Five-Year Action Plan Part II: Supporting Pages—Work Activities					
Activities for Year :____ FFY Grant: PHA FY:			Activities for Year: ___ FFY Grant: PHA FY:		
Development Name/Number	**Major Work Categories**	**Estimated Cost**	**Development Name/Number**	**Major Work Categories**	**Estimated Cost**
Total CFP Estimated Cost		$			$

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST
December 14, 2006

Action Item

Presentation, Discussion and Possible Approval of awards of the Housing Trust Fund - Texas Bootstrap Loan Program.

Required Action

Review and approve the Recommended Awards.

Background

The Department de-obligated approximately $2 million from Texas Bootstrap Loan Program contracts awarded in fiscal years 2002, 2003 and 2004 due to nonperformance and unresolved compliance issues. These de-obligated funds were originally generated from the Housing Trust Fund and Bond Proceeds.

In order to recommit and expend these funds expeditiously, the Department released a Notice of Funding Availability (NOFA) for approximately $2 million on October 27, 2006. The Department received seven applications for funding totaling approximately $1.8 million in requests. Funding priority was given to organizations that have projects that are ready to proceed.

During the week of November 20, 2006, the Department reviewed and scored the applications received. All applications meet the program's eligibility criteria. The Portfolio Management Compliance Division has reviewed to ensure that all applicants are in compliance.

The Texas Bootstrap Loan Program is required under Section 2306.7581 (a-1) of the Texas Government Code, to make mortgage loans to very low-income families (60% 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 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.

Recommendation

Request approval to award $1,846,000.00 to the following organizations, in order to implement the Texas Bootstrap Loan Program to construct and/or rehabilitate single family housing units for very low-income families.

RECOMMENDING:

Applicants	**Amount Recommended (includes 4% admin. fee)**	**Score**	**TDHCA's Lien Position**	**# of Units Awarded**	**Amount Per Unit**	**County**
Bryan/College Station Habitat for Humanity	$468,000	92	Parity	15	$30,000	Brazos
Waco Habitat for Humanity	$130,000	86	2nd	5	$25,000	McLennan
Community Action Social Services & Education, Inc.	$374,400	82.5	1st	12	$30,000	Maverick
Fort Worth Area Habitat for Humanity	$530,400	79.5	2nd	17	$30,000	Tarrant & Johnson
Community Development Corporation of Brownsville	$156,000	79.5	2nd	5	$30,000	Cameron
Midland Habitat for Humanity	$93,600	77	Parity	3	$30,000	Midland
Habitat for Humanity-Corpus Christi, Inc.	$93,600	70	2nd	3	$30,000	Nueces
TOTAL	**$1,846,000**			**60**		

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
December 14, 2006

Action Item

Housing Tax Credit Amendments and Extensions Not Being Recommended by Staff

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government 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 code identifies certain changes as material alterations and the requests presented below include material alterations.

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. 01482, The Claremont, formerly North Arlington Seniors

Summary of Request: The owner requests approval to change the unit mix by changing 30 two bedroom/two bath units with studies to three bedroom units. The units were represented in the application as two bedroom units with studies. Tax-exempt bond developments given awards under the 2001 QAP were not subject to §50.7(e)(6), prohibiting three bedroom units in elderly developments because the prohibition was only stated in the 2001 QAP in relation to the scoring of competitive applications in the application round.

To resolve inconsistencies that existed at the time of application, the owner is requesting to change the final unit mix of the development. At the time of the award of tax credits, the unit mix of the development was presented on page four of the Department's underwriting report as 60 one bedroom/one bath units and 201 two bedroom/two bath units with 30 of the 201 units having "studies" that were actually constructed as three bedroom units. The rentable area in the development increased from the area underwritten by a negligible amount. All units in the development target tenants at 50% of average median income. The owner is requesting the unit mix change to allow them to charge three bedroom rent for those 30 units and improve the financial feasibility of the development.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or the bedroom mix of units and any other modification that is considered significant by the board.
Owner:	MAEDC-Arlington Senior Community, L.P.
General Partner:	MAEDC-Arlington, LLC
Developers:	Texas Affordable Communities (Developer); Protech Development I, LLC (Co-Developer); Maple Avenue Community Development Corp. (Co-Developer)

Principals/Interested Parties:	Anthony Sisk; MAEDC
Syndicator:	AMTAX Holdings 154, LLC
Construction Lender:	Red Mortgage Capital, Inc.
Permanent Lender:	JP Morgan Capital, Inc.
Other Funding:	Tarrant County Housing Finance Corporation
City/County:	Arlington/Tarrant
Set-Aside:	Tax-Exempt Bond Development
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	260 HTC units
2001 Allocation:	$574,331
Allocation per HTC Unit:	$2,209
Prior Board Actions:	5/01 – Approved award of tax credits
Underwriting Reevaluation:	The original underwriting report cited concerns about the feasibility of the development and noted the existence of the two bedroom units with "studies." Therefore, staff does not object to the three bedroom rents that are proposed for certain units.
Staff Recommendation:	**Staff recommends denying the request.** **It should be noted that the changes would not have adversely affected the selection of this tax-exempt bond application.**

<u>HTC No. 02135, Lakeridge</u>

<u>Summary of Request</u>: The owner requests approval of four changes between the development proposal and the development as built: 1) vinyl tile was used in the entries, kitchens and bathrooms instead of ceramic tile; 2) two units for tenants with special needs (units with special accessibility features) were built with one bathroom instead of two as proposed; 3) 335 parking spaces were proposed but 256 were built; and 4) the application indicated the area to be developed as 27 acres and, later, as 16 acres, but the development was ultimately built on 14.263 acres. An explanation of the differences follows and the substitute amenities are discussed last, below.

Issue 1: The application contained conflicting representations about the tile. Vinyl tile was selected in the Specifications and Amenities section of the application but ceramic tile was chosen for points in the scoring section. Two points were awarded for the selection of ceramic tile. The points were not relevant in the award of tax credits as the application would have been in the same place in the priority list, with or without the points. The owner stated that the installation of vinyl tile was a mistake that was apparently caused by the conflicting representations in the application.

Issue 2: The owner stated that the final design review revealed that the second bathroom in the units for tenants with special needs would have to be eliminated to provide sufficient turnaround space for wheelchairs in other areas of the units. The dining areas in the two bedroom accessible units increased in size from approximately ten feet by ten feet to approximately ten feet by fifteen feet as one bathroom was eliminated and the other expanded.

Issue 3: The reduction in the number of parking spaces appears to have arisen from mistakes related to changes in the development plan as the plan evolved from the first concept to the final plan for which the tax credit application was submitted. The developer originally considered a plan to develop the property as a 160 unit complex. The initial plan was scaled down to 112 units for the tax credit application. The 335 parking spaces in the original plan were not reduced for the 112 unit plan. The applicable zoning regulations require 238 parking spaces.

Issue 4: The site plan depicted 27 total acres with 16 acres drawn as a shaded area, with trees, driveways, buildings, and other improvements. When the plans were finalized, the 16 acres became 14.263 acres, a result of modifications made to accommodate access to a future phase II development. Even at the reduced acreage, the development has a low density of only 7.87 units per acre.

To compensate for the change from ceramic tile, alternative use of the space proposed for two bathrooms, decrease in the number of parking spaces, and reduction in acreage, the owner notes several improvements to the original development proposal. The development contains 3,388 square feet, or 2.5%, more rentable area than originally proposed. There is a second controlled access gate (for exits, only) in addition to the one controlled access gate that was originally proposed. There is a large central open area that was not originally proposed that can be used for field sports such as football and soccer. A sand volleyball court and soccer goals that were not represented in the application will be added to the development. Additionally, the owner notes that the 5,670 square foot daycare building, although not includible in eligible basis and not included as a Threshold or scoring item, will provide residents of the development with preferential service at discounted rates that will not exceed the rates allowable by Child Care Management Services of Texas.

Neither scoring nor Threshold are considerations in this request. While four Threshold items were required, the applicant provided seven out of the eight that were possible, with the only possibility not counted being the daycare center. The score of the application was not an issue because all applications in the region that were not withdrawn or terminated received an award.

The request is made to accommodate changes to the development that were made as a result of building code considerations, discrepancies in the application and undetected shortcomings in the original plans.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a modification of the number of units or bedroom mix of units.
Owner:	Lakeridge Apartments, Ltd.
General Partner:	Shannock Two, L.L.C. (Managing GP); PHTX, L.L.C. (Co-GP)
Developers:	Shannock Development, LLP; Pineywoods Home Team Affordable Housing
Principals/Interested Parties:	Jerry D. Moore; Pineywoods Home Team Affordable Housing, Inc.
Syndicator:	SunAmerica Affordable Housing, Inc.
Construction Lender:	Pineywoods Community Development Financial Institution
Permanent Lender:	Column Guaranteed, LLC (Credit Suisse)
Other Funding:	NA
City/County:	Texarkana/Bowie
Set-Aside:	General Population
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	112 HTC units
2002 Allocation:	$1,047,148
Allocation per HTC Unit:	$9,350
Prior Board Actions:	7/02 – Approved award of tax credits
Underwriting Reevaluation:	REA recommends a reduction of the award of tax credits to $978,189 or $8,734.
Staff Recommendation:	**Staff recommends denying "Issue 2" and approving the remainder of the request.**
	It should be noted that the changes would not have adversely affected the selection of the application in the application round.

<u>HTC No. 060007, Landa Place, a forward commitment from 2005</u> **(Carryover Extension)**

<u>Summary of Request</u>: Applicant requests an extension of the deadline to submit the carryover documentation as required by §50.14 of the 2006 Qualified Allocation Plan and Rules. §50.14 states:

> All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 1 of the year in which the Commitment Notice is issued. Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline.

The applicant has requested that the Board approve the extension to the date the carryover package was submitted. The applicant also requests a waiver of the penalty points pursuant to §49.9(i)(27) of the 2007 QAP, which are triggered when there is a late submission of the carryover. These point reductions would be attributed to any Competitive Housing Tax Credit Application submitted by the applicant in 2007.

Owner:	New Braunfels Landa Place Apartments, L.P.
General Partner:	New Braunfels Landa Place Developers, LLC
Developer:	New Braunfels Landa Place Builders, L.L.C.
Principals/Interested Parties:	Lucille Jones, Leslie Clark
Syndicator:	Boston Capital
Construction Lender:	Boston Capital
Permanent Lender:	Boston Capital
Other Funding:	NA
City/County:	New Braunfels/Comal
Set-Aside:	General
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	100 HTC units
2006 Allocation:	$655,454
Allocation per HTC Unit:	$6,555
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted late.
Type of Extension Request:	Carryover
Current Deadline:	November 1, 2006
New Deadline Requested:	November 6, 2006 (Carryover was submitted on this date)
New Deadline Recommended:	**NA (Please see recommendation below.)**

Staff Recommendation: **Deny the extension pursuant to §50.14 of the 2006 Qualified Allocation Plan and Rules with the understanding that staff will rescind the tax credit allocation and the Board is denying any appeal for this application to allow staff to award the tax credits to another development on the waiting list to avoid the loss of the remaining tax credits.**

Regarding the penalty points pursuant to §49.9(i)(27)(A) of the 2007 QAP, staff recommends that the applicant appeal the point loss if points are reduced at the time of scoring.

HTC No. 060132, Vista Pines Apartment Homes **(Carryover Extension)**

Summary of Request: Applicant requests an extension of the deadline to submit the carryover documentation as required by §50.14 of the 2006 Qualified Allocation Plan and Rules. The Board approved the award to this applicant for Vista Pines in Nacogdoches (HTC No. 060132) on July 28, 2006. §50.14 states:

> All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 1 of the year in which the Commitment Notice is issued. Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline.

The applicant has requested that the Board approve the extension to the date the carryover package was submitted. The applicant also requests a waiver of the penalty points pursuant to §49.9(i)(27) of the 2007 QAP, which are triggered when there is a late submission of the carryover. These point reductions would be attributed to any Competitive Housing Tax Credit Application submitted by the applicant in 2007.

Owner:	Nacogdoches Vista Pines Apartment Homes, LP
General Partner:	Nacogdoches Vista Pines Apartment Homes I, LLC
Developer:	Lankford Interests, LLC
Principals/Interested Parties:	Michael Lankford
Syndicator:	PNC Multifamily Capital
Construction Lender:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	NA
City/County:	Nacogdoches/Nacogdoches
Set-Aside:	General
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Elderly
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 late.
Type of Extension Request:	Carryover
Current Deadline:	November 1, 2006
New Deadline Requested:	November 9, 2006 (Carryover was submitted on this date)
New Deadline Recommended:	**NA (Please see recommendation below.)**
Staff Recommendation:	**Deny the extension pursuant to §50.14 of the 2006 Qualified Allocation Plan and Rules with the understanding that staff will rescind the tax credit allocation and the Board is denying any appeal for this application to allow staff to award the tax credits to another development on the waiting list to avoid the loss of the remaining tax credits.** **Regarding the penalty points pursuant to §49.9(i)(27)(A) of the 2007 QAP, staff recommends that the applicant appeal the point loss if points are reduced at the time of scoring.**

HTC No. 060244, River Park Apartment Homes **(Carryover Extension)**

Summary of Request: Applicant requests an extension of the deadline to submit the carryover documentation as required by §50.14 of the 2006 Qualified Allocation Plan and Rules. The Department issued a commitment notice from the waiting list to this development on October 5, 2006. The Board ratified the Department's commitment of an award on October 12, 2006. Program rules do not provide for an extended carryover deadline for awards to the waiting list and the applicant did not ask for an extension. Therefore, the November 1, 2006 deadline for submission of carryover documentation applied.

> All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 1 of the year in which the Commitment Notice is issued. Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline.

The applicant has requested that the Board approve the extension to the date the carryover package was submitted. The applicant also requests a waiver of the penalty points pursuant to §49.9(i)(27) of the 2007 QAP, which are triggered when there is a late submission of the carryover. These point reductions would be attributed to any Competitive Housing Tax Credit Application submitted by the applicant in 2007.

Owner:	Waco River Park Apartment Homes, LP
General Partner:	Waco River Park Apartment Homes I, LLC
Developer:	Lankford Interests, LLC
Principals/Interested Parties:	Michael Lankford
Syndicator:	PNC Multifamily Capital
Construction Lender:	PNC Multifamily Capital
Permanent Lender:	PNC Multifamily Capital
Other Funding:	NA
City/County:	Waco/McLennan
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	118 HTC units and 6 market rate units
2006 Allocation:	$1,181,993
Allocation per HTC Unit:	$10,017
Extension Request Fee Paid:	$2,500
Note on Time of Request:	Request was submitted late.
Type of Extension Request:	Carryover
Current Deadline:	November 1, 2006
New Deadline Requested:	December 1, 2006 (Carryover was submitted on November 9 but land was not closed until December 1.)
New Deadline Recommended:	**NA (Please see recommendation below.)**
Staff Recommendation:	**Deny the extension pursuant to §50.14 of the 2006 Qualified Allocation Plan and Rules with the understanding that staff will rescind the tax credit allocation and the Board is denying any appeal for this application to allow staff to award the tax credits to another development on the waiting list to avoid the loss of the remaining tax credits.** **Regarding the penalty points pursuant to §49.9(i)(27)(A) of the 2007 QAP, staff recommends that the applicant appeal the point loss if points are reduced at the time of scoring.**

HTC No. 01482

RECEIVED
NOV 10 REC'D
Multifamily Finance ...

November 9, 2006

CAPMARK

Texas Department of Housing And Community Affairs
Attn: Mr. Ben Sheppard
221 East 11th Street
Austin, Texas 78701-2410

Via Federal Express

Re: The Claremont, 975 E. Sanford Street, Arlington, TX (TDHCA #01482)

Dear Mr. Sheppard,

It is our understanding that the outstanding deficiency, item #2 from The Final Development Inspections Report on The Claremont (the "Property") (formerly known as North Arlington Seniors Community), cannot be cleared by the PMC inspection staff and requires an amendment to the original application. Please receive this letter as a formal request for such an amendment.

Deficiency #2

The Final Development Inspection noted that the unit mix that was constructed differed from the unit mix originally proposed in the application. Outlined below is the unit mix that was ultimately constructed and delivered.

Units Provided
60 - 1-bdrm/1-bath units at 640 sq. ft
111 - 2-bdrm/1-bath units at 750 sq. ft.
30 - 2-bdrm/**2-bath** units at 843 sq. ft.
27 - 2-bdrm/**2-bath** units at 1025 sq. ft. 2 - 2-bdrm/**2-bath** units at **1028 sq. ft.** 30 - **3-bdrm/2-bath** units at 1025 sq. ft. 1 - **3-bdrm/2-bath** unit at **1028 sq. ft.**
261 - Total Units (208,449 sq. ft.)

Subsequent to the submission of the original application, the City of Arlington and the Dallas Cowboys entered into an agreement to build a new football stadium surrounding the Project on three sides. Since that time the City of Arlington has condemned all of the adjacent land. The crippling economic impact to the Property caused by the redevelopment has been evident for several years and can be seen in the most recent property financial statements. With construction disrupting both leasing activity and the resident base, for the past three and next three years, the ability to charge 3-bedroom rents on 3-bedroom units is critical to the financial viability of the Property.

TDHCA's Multi Family Credit Underwriting Analysis dated April 29, 2002 for the original tax credit application acknowledged the existence of 3-bedroom units as noted by the following excerpt, "The Applicant considers 30 of these to be 3 bedroom units as these units include a small den with a closet that could be used as a third bedroom". Notwithstanding TDHCA's apparent knowledge of the revised unit mix, the filing of an amendment to the tax credit application during construction would have been the partnership's better course of action. Despite this lapse, it is critical that TDHCA formally grant approval of the proposed amendment in order for the North Arlington Seniors Community project to survive.

Should you have any additional questions or require further documentation, please don't hesitate to call or e-mail me (Office.: 214 999-7103; Cell: 972 679-3151; E-mail: david.homsher@capmark.com).

Sincerely,

David W. Homsher

David W. Homsher, C.C.I.M.
Vice President & Senior Asset Manager

Cc: Maple Avenue Economic Development Corporation (MAEDC)
J. Anthony Sisk

HTC No. 02135

Lakeridge Apartments, Ltd.
PO Box 153055
Lufkin, Texas 75915

Texas Department of Housing and Community Affairs
221 E. 11th
Austin, Texas 78701

October 9, 2006

VIA OVERNIGHT COURIER

Attn: Board of Directors

Re: Amendment of HTC 02135, Lakeridge Apartments, Texarkana, Texas (the "Project")

Dear Chairman Anderson, Vice-Chair Conine and Members of the Board:

We represent Lakeridge Apartments, Ltd. (the "Developer") in regard to the above referenced Project. In accordance with §2306.6712 of the Texas Government Code we hereby submit for your review and disposition the following amendments to the Application for Housing Tax Credits submitted to the Texas Department of Housing and Community Affairs ("TDHCA") on March 1, 2002:

1. We request permission to substitute vinyl ceramic tile flooring in the entry, kitchen and bathrooms for the use of ceramic tile floors in the entry, kitchen and bathrooms, as set forth in the Application. The architect and contractor failed to use ceramic tiles in the Project and instead used vinyl ceramic tiles. A conflict in the Application arose as "vinyl flooring" was selected by the Developer under the Specifications and Amenities section of the Application, but the Developer also took 2 points for ceramic tile floors in the entry, kitchen and bathrooms under the Selection Criteria Scoring by Applicant (Exhibit 7) of the Application. The ceramic tile was not included as part of the plans and specifications for the Project by the architect or contractor. However, any reduction in points occurring because of this failure did not affect the allocation received by the Project as the withdrawal of HTC #02030 from the Region 4, 2002 allocation round resulted in all other applications submitted for Region 4 receiving an allocation. Thus despite the point reduction, the Project's Final Score, either with the ceramic tile for a score of 112, or without the ceramic tile for a score of 110, would have remained third in line for an allocation as the Final Score of projects receiving allocations in Region 4 in 2002 were 146, 118, 112, 106, 93, 73 and 72.

2. We request approval for a change in the floor plans submitted for two units designated as "H2" in Building Type I from two-bedroom two-bath units to two-bedroom one-bath units. The H2 units are designated as fully accessible two bedroom units. These units were constructed with one accessible bathroom to be shared between the two bedrooms in order to provide a larger dining room area to better accommodate accessibility. The separate dining room area in the two-bedroom two-bath unit submitted at application was approximately 10'x 9'8", whereas the separate dining room area in the two-bedroom one-bath unit is 10' x 15'4".

HTC No. 02135

3. We request approval for a reduction in the proffered number of parking spaces from 335 surface spaces to 256 surface spaces. Prior to submission of the Application the Project was intended to include 160 units. Just prior to Application, the Project was split into Phase I, containing 112 units, and Phase II, containing an additional 48 units, however the On-Site Amenities section of the Application was not revised to reflect the reduction in units for Phase I only. Section 12-102 of the Texarkana Zoning Ordinance requires two (2) parking spaces per residential unit, as well as one (1) space for each three hundred square feet of floor area in General Office space (applicable to the Community Center) and one (1) space for each classroom in an Elementary or Junior High School (applicable to the Day Care Center). We have enclosed a copy of this portion of the Zoning Ordinance for your review. Accordingly, the Zoning Ordinance would require a total of 238 surface parking spaces to accommodate the Project. By providing 256 parking spaces we have supplied an additional 18 surface parking spaces above the requirements of the local Zoning Ordinance.

4. We request approval of modifying the original site from 27 acres, as submitted in the Application, to 14.263 acres. The residential density would increase from 4.15 units per acre to 7.87 units per acre, which is still significantly below the maximum density allowed in a rural development. The original site contained over five separate tracts of land that totaled approximately 27 acres. At Application, the land had yet to be replatted into two separate tracts of approximately 16 and 11 acres each, an all evidence of site control submitted as part of the Application referred to a total of 27 acres. However, the Site Plan submitted as part of Exhibit 101 showed Phase I of the Project, consisting of 112 units, as being located on a 16-acre portion of the 27 acres.

Additionally, after the Application was submitted, the equity partners alerted the developer that in order to receive funding for Phase II planned for the 11-acre portion of the 27 acres, the Phase II parcel required separate public ingress and egress. Therefore, the site for Phase I was shifted to the east and modified to provide both the Phase I portion of the 27 acres and the Phase II portion of the 27 acres with the ability for each to have separate public ingress and egress. Therefore the Project is currently located on 14.263 acres which is a portion of the identical site submitted at both Pre-Application and at Application. Finally, should this change in the site plan result in a loss of the Pre-Application points, this Project would have still received an allocation in 2002 as all applications submitted for allocations in Region 4 received an allocation.

In support of approving the requested changes above, and as evidence of our intention to provide excellent quality housing and amenities to our residents whose opportunities for such housing might be limited, we provided or will be providing the following amenities and improvements to the Project beyond our requirements set forth in the Application.

1. At the time of application this Project included seven out of eight of the threshold amenities, three more amenities than required by the 2002 QAP. One item we

HTC No. 02135

did not select as a threshold amenity but did provide as a supportive service was an on-site day care center. The Day Care Center is a 5,670 square foot building serviced by All My Children Day Care. The residents receive a discounted rate of enrollment equal to the rates allowable by Child Care Management Services of Texas, which determines its rates based on income level and family size. In addition, any residents that do not qualify for the CCMS funds are eligible for a scholarship offered by the Day Care Center. All residents receive services at the Day Care Center on a preferred basis. While the inclusion of the Day Care Center did not contribute toward an award of an allocation because the Day Care Center did not receive any points, we feel that it adds significantly to the value the Project has to our residents. As a supportive service, the Day Care Center provides the residents with a service that is above and beyond most supportive services.

2. We will be providing additional supportive services to the residents in the form of life skills training. These supportive services were not included in the original Application.

3. The actual square footage provided for the units as shown at cost certification resulted in an increase in the overall net rentable square footage of 3,388 square feet over the square footages provided at the time of Application.

4. Attached for your review are a copy of the final Site Plan and a copy of the As-Built Survey. Please note that both of these plats show an additional gate and entrance to the Project not originally anticipated at Application. Due to requirements by the local governing authority, we were required to provide a second entrance for ingress and egress to Jarvis Parkway. This resulted in an additional set of security gates as well as a lengthy concrete driveway.

5. We have provided an open recreational area between Building 800 and Building 900, which is currently used for field sports such as football and soccer. This recreational area is a grassy area that is centrally located in the Project and will contain soccer goals and a sand volley ball court. We did not include the recreational area as part of the original Application.

We ask that you review each of the requested changes to the Application and to consider the additional improvements provided to the Project as well. We enclose a check in the amount of Twenty-Five Hundred Dollars ($2,500.00) to cover the amendment fee. We appreciate your attention to this matter and if there is any additional information which would be of service please do not hesitate to contact us.

Very truly yours,
Lakeridge Apartments, Ltd.

Jerry Moore, Manager of General Partner

\\mba_server\aDev\Active Development\Lakeridge 2002\Compliance\TDHCA Board 091306.doc
Enclosures
CC: Doug Dowler, PHTX, LLC
Ben Sheppard, TDHCA

HTC No. 060007

NEW BRAUNFELS LANDA PLACE APARTMENTS, L.P.

2951 Fall Creek Rd. Kerrville, Texas 78028 (830) 257-5323

Robbye Meyers, Director of Multifamily
Texas Department of Housing and Community Affairs
211 East 11th Street.
Austin, Texas 78711

RECEIVED
NOV 06 2006
LIHTC

RE: Landa Place, TDHCA #06007

Dear Ms. Meyers:

I respectfully request an extension of the due date for the 2006 HTC Carryover Allocation Documentation for the above referenced project. As there was no due date on our Commitment Notice, I misunderstood the instructions that the Allocation Agreement was not due until December 31, 2006.

Enclosed is the fee to cover the extension of $2500.

I appreciate your assistance in this matter.

Sincerely,
New Braunfels Landa Place Apartments, L.P.
By: New Braunfels Landa Place Developers, LLC

Lucille Jones

By: Lucille Jones, Manager

HTC No. 060007

NEW BRAUNFELS LANDA PLACE APARTMENTS, L.P.

2951 Fall Creek Rd. Kerrville, Texas 78028 (830) 257-5323

December 6, 2006

Robbye Meyer
Texas Department of Housing & Community Affairs
221 E. 11th St.
Austin, Texas 78701

Dear Robbye:

This letter is to clarify why we are seeking an extension to the carryover deadline for Landa Place Apartments in New Braunfels, TDHCA#06007.

As you know, this project was awarded a forward commitment of tax credits in the 2005 application round. On November 3, 2006, we were advised by TDHCA staff that the project had failed to submit its carryover documentation by the November 1 deadline and had not requested an extension of that deadline. Upon learning of the problem, we immediately put the carryover package together and submitted it on that same day along with a request for extension of the carryover deadline and the requisite $2500 fee by Federal Express overnight delivery for receipt on the next business day. We believe it is appropriate for TDHCA to grant this extension for a variety of reasons.

First of all, since this project was awarded a forward commitment, our commitment notice from the Department did not have a specific date identified as the deadline for carryover, as all of the regular 2006 projects did. This led to our initial confusion about the date. In any case, however, Section 42 of the Internal Revenue Code states that the deadline is no later than December 31, which we have met.

Second, while we did not have our carryover documentation in on November 1, we had already submitted the Commencement of Substantial Construction form on October 10, 2006, which proves that we had already met the requirements for carryover and expended in excess of 10% of the project's hard costs. This proves not only that we had met these requirements, but that the Department was so notified. At this point, construction is well under way, with several buildings in the framing stage.

Finally, I must urge you and the Board to consider this extension request for the sake of the community of New Braunfels. In accordance with TDHCA's mission, this project was awarded a forward commitment based on that need. The city of New Braunfels has never had an HTC project awarded to it before or since this one, and there is a definite need. Because of the fact that we are already so far under construction, we feel we can meet this need better and faster than anyone else.

If you need anything else from me to process this request, please feel free to call me.

Sincerely,
New Braunfels Landa Place Apartments, L.P.
By: New Braunfels Landa Place Developers, L.L.C., its General Partner

Lucille Jones

By: Lucille Jones, Manager

CC: Jennifer Joyce
Brooke Boston

HTC No. 060007

Jennifer Joyce

From: Lucille Jones [ljones@macdonald-companies.com]
Sent: Thursday, December 07, 2006 8:39 AM
To: Jennifer Joyce
Cc: Robbye Meyer; brooke.boston@tdhca.state.tx.us; Leslie Clark; cbast@lockeliddell.com; Granger MacDonald
Subject: RE: LANDA PLACE #06007

Jen
Thank you. In case you need this from me, regarding New Braunfels Landa Place, TDHCA #06007, we request a waiver of Sec 49.9(i)(27), scoring criteria imposing penalty fro missing the Carryover deadline.
Again, thank you for your attention to the matter, and notice of email delay. I also faxed copies of letter to each of you, so I hope you received that. The original has been sent by overnight delivery for this morning delivery, addressed to Robbye's attention.

Lucille Jones
MacDonald Companies
2951 Fall Creek Road
Kerrville, Texas 78028
830-257-5323
830-257-3168-Facsimile
ljones@macdonald-companies.com

From: Jennifer Joyce [mailto:jennifer.joyce@tdhca.state.tx.us]
Sent: Wednesday, December 06, 2006 6:46 PM
To: Lucille Jones; Robbye Meyer
Cc: brooke.boston@tdhca.state.tx.us; Granger MacDonald; T. Justin MacDonald; 'Bast, Cynthia L.'
Subject: RE: LANDA PLACE #06007

Lucille,

Thank you for sending this! As a matter of clarification, I don't see mentioned in your letter a request for a waiver of §49.9(i)(27), Scoring Criteria Imposing Penalties for missing the Carryover deadline. I was under the impression that the applicant would be making that request as well, but I don't see it and don't think we'd gotten one prior to this. An e-mail clarification would suffice-please don't feel like a whole new write-up is needed. Also note, I hadn't received this until just now and I'd also mentioned the same thing to Cynthia Bast under separate e-mail.

Thank you!

Please let me know if you have any questions,

Jen Joyce
Manager of Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
(512) 475-3995

-----Original Message-----
From: Lucille Jones [mailto:ljones@macdonald-companies.com]
Sent: Wednesday, December 06, 2006 3:56 PM
To: Robbye Meyer
Cc: jennifer.joyce@tdhca.state.tx.us; brooke.boston@tdhca.state.tx.us; Granger MacDonald; T. Justin MacDonald
Subject: LANDA PLACE #06007

Robbye

Please find attached letter regarding carryover for New Braunfels. Original is being sent out by overnight delivery.

HTC No. 060007

Thank you,

Lucille Jones
MacDonald Companies
2951 Fall Creek Road
Kerrville, Texas 78028
830-257-5323
830-257-3168-Facsimile
ljones@macdonald-companies.com

Nov 9

HTC No. 060132

LANKFORD INTERESTS

DEVELOPMENT · CONSTRUCTION · PROPERTY MANAGEMENT

November 17, 2006

NOV 20

Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Ref.: TDHCA #060132-Vista Pines Apartment Homes

Dear Ben:

I would respectfully request an extension of the Carryover Allocation Agreement along with this request you will find the Carryover Allocation Agreement extension fee of $2500.00.

Thank you in advance for your time and consideration. If you require additional information please contact me at 713-626-9655, ext 102.

Sincerely,

Michael Lankford

HTC No. 060244

Nov. 8

LANKFORD INTERESTS

DEVELOPMENT · CONSTRUCTION · PROPERTY MANAGEMENT

NOV 20 2006

LIHTC

November 17, 2006

Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Ref.: TDHCA #060244-River Park Apartment Homes

Dear Ben:

I would respectfully request an extension of the Carryover Allocation Agreement along with this request you will find the Carryover Allocation Agreement extension fee of $2500.00.

Thank you in advance for your time and consideration. If you require additional information please contact me at 713-626-9655, ext 102.

Sincerely,

Michael Lankford

4900 Woodway Drive, Suite 750 * Houston, TX 77056 * 713-626-9655

HTC No. 060244

December 7, 2006

Robbye G. Meyer
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Extension of land closing associated with TDHCA #060244 Waco River Park Apartment Homes

Dear Robbye:

I would respectfully request an extension for the land closing associated with Waco River Park Apartment Homes to December 1st, 2006. We did not receive our allocation of tax-credits for this development until October 12th, and although we tried diligently to close on the land in the short time frame of 16 days, we were not able to do so. Putting together a predevelopment loan and completing the title and closing process generally requires a much longer time frame than we were allotted. We were able to close the land on November 30th and record of that closing was made on December 1st.

Thank you for your consideration.

Michael Lankford
Lankford Interests

HTC Nos. 060132 & 060244

DEVELOPMENT * CONSTRUCTION * PROPERTY MANAGEMENT

December 6, 2006

Robbye G. Meyer
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Carryover Extension Request for:
TDHCA # 060132 Nacogdoches Vista Pines Apartment Homes
TDHCA # 060244 Waco River Park Apartment Homes

Dear Robbye:

I would respectfully request that TDHCA staff recommend the above referenced extension request be granted by the TDHCA Board of Directors at the December 14th meeting.

These two allocations represent the 10th and 11th allocation that Lankford Interests, LLC as a developer has received beginning in 1999. These 11 allocations represent over 1100 units of affordable housing (776 elderly), almost $7,000,000 in tax credits, and over $100,000,000 in development costs. In those 7 years since 1999 I have never once requested an extension for carryover, substantial construction completion, etc. In fact for the 10% substantial construction completion for 2005 allocations that was due last Friday December 1st, my two 2005 developments were submitted on June 6th of this year a full 6 months early.

TDHCA # 060132 in Nacogdoches is a 76 unit elderly development that received credits at the July board meeting. TDHCA # 060244 in Waco received is a 124 unit elderly development that received credits at the October 12th Board meeting, only 13 business days before the Carryover date of November 1. We felt confident we could meet that deadline therefore we did not think an extension at that time would be necessary. However, the utility availability letters from the city and the utility companies were slower coming in than expected on Waco. My staff was working on the allocation simultaneously and though Nacogdoches was virtually done, it was placed with Waco to submit together.

4900 Woodway Drive, Suite 750 * Houston, TX 77056 * 713-626-9655

On Friday November 3rd at 2:31 PM I received an e-mail from Misael, stating the Department had not received the carryovers and about 10 minutes later at 2:42 PM my staff received a similar e-mail. Our offices sometimes close early on Friday and the e-mails were not actually read until Monday November the 5th. Tammy Maret of my office contacted Audrey Martin regarding the carryovers and assured her they would go out immediately. It was our initial impression that staff was going to treat this as just being a couple of days late and an extension would not be required. The carryover for Nacogdoches was received at 9:07 AM November 8th by the Department so technically the carryover was submitted 4 business days after the November 1st deadline and the Waco carryover was received by the Department at 9:21 AM on November 5th or 5 business days after the carryover deadline (and only 18 days after receiving the commitment). After later discussions with Audrey Martin we then submitted both extension requests along with the $2,500 fee for each. **The bottom line is that the carryover, the carryover extension requests and all deficiencies have been submitted and received by the Department.**

Just to update of the status of each development, each development was strongly supported by their cities, each received Local Political Subdivision financing, the land has been purchased for each development. Each development has negotiated LOI's for the equity and the debt, both deals are well into the design stage with the architects and engineers, and finally both will close construction loans and begin construction within 60-90 days.

In conclusion, I understand that the November 1 deadline is a TDHCA imposed deadline (as opposed to the Code deadline of December 31); in order that the staff can re-allocate credits for projects that are not going to move forward. I also understand that staff is following the "Letter of the Law" with regard to the 2006 QAP, however I believe the penalty of rescinding or losing the credits without looking at each individual case is excessive. I understand that in addition to possibly losing the credits, I as a developer will be penalized in the 2007 HTC allocation with negative points for this extension. I can accept this penalty, in that I technically missed the deadline but truly feel that the loss of points in 2007 is more than adequate to address the violation.

If the staff cannot grant this request, then we respectfully request that the Board act within its discretion to grant the extension request for these carryover filings, so that the filings which have already been made can be accepted and the projects can continue to move forward.

Sincerely,

Michael Lankford

4900 Woodway Drive, Suite 750 * Houston, TX 77056 * 713-626-9655

HTC No. 060132 & 060244

DEVELOPMENT * CONSTRUCTION * PROPERTY MANAGEMENT

November 22, 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: TDHCA # 060132; Nacogdoches Vista Pines Apartment Homes, L.P.
TDHCA # 060244; Waco River Park Apartment Homes, L.P.

Dear Mr. Gerber,

We have respectfully submitted to the TDHCA a carry-over extension request regarding the above referenced 2006 HTC Allocations. We would additionally request that there be no associated penalty (negative scoring) assessed for the 2007 HTC allocation.

Thank you for your consideration.

Sincerely,

Michael Lankford
Lankford Interests, L.L.C.

HTC No. 01482

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard

From: Raquel Morales

cc: File

Date: October 9, 2006

Re: Amendment Request for North Arlington Senior Community, #01482

I have reviewed the above referenced amendment request made in a letter dated August 21, 2006 by David W. Homsher of Capmark Finance, Inc on behalf of the owner. The amendment requests approval for a modification that was made to the unit mix during construction which converted 31 of the larger two-bedroom units to three bedroom units. The request was made in response to the discrepancy identified during the development's final inspection and review of the cost certification documentation. The request claims that during construction it was determined that the design of the units would better serve the needs of the community and improve marketability through the addition of another bedroom or bathroom. The original underwriting evaluation included discussion that the owner considered some of the larger two-bedroom units as three-bedroom units because they included a small den with a closet that could be used as a third bedroom. However, the underwriting evaluation and documentation presented to the Board reflected that these units targeting elderly households would be considered two-bedroom units. The owner further explained that the City of Arlington and Dallas Cowboys have condemned all of the land around the development site and are currently constructing the new Dallas Cowboys stadium. This area of redevelopment and construction has had a negative impact on the property as occupancy has declined and the property is not producing enough cash flow to cover debt service. While not established as a rule in the 2002 QAP for 4% tax-exempt bond transactions, subsequent Board policy as established in more recent QAP's has also limited developments targeting elderly households to only one and two bedroom units for all tax credit developments. It should be noted that the general partner of this development, Maple Avenue Economic Development Corporation, recently went before the Board in August 2006 with the exact amendment request for another elderly development, Evergreen at Hulen Bend for which the limited partner described the hardship that would result without the requested approval. The Board approved the owner's request.

The owner has not made a specific economic argument for accepting this amendment request other than to generally say that the inability to charge three-bedroom rents will jeopardize the continued viability of this project.

If the maximum three bedroom rents could be achieved the gross potential rent for the property could increase by as much as $38,208 per year. However, based on the August 2006 rent roll provided, the current three bedroom rents amount to $8,148 in additional rent per year. In either case both the owner's debt service coverage ratio and the Underwriter's current revised estimates reflect an initial debt coverage ratio below the Department's standard 1.10. While the loss in this income would further impact the development's debt service capacity, the additional deferred developer fee in either case would be repayable under the Department's guidelines of 15 years. Moreover, it is not likely that the requested change alone would impact the recommended credit amount.

The original market study does not appear to have addressed the need for three bedroom units targeting elderly populations nor did it identify the comparable rent for such units. It should be noted that the owner provided another market study performed by Integra Realty dated January 21, 2001 and argues that the Integra study supports the demand for the three-bedroom units. However, the Department's original underwriting evaluation and recommendation, as well as subsequent Board approval, was based upon the market study provided in the application and performed by Prior and Associates dated December 12, 2001.

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

DATE: November 28, 2006 **PROGRAM:** 9% LIHTC **FILE NUMBER:** 02135

DEVELOPMENT NAME

Lakeridge Apartments

APPLICANT

Name:	Lakeridge Apartments, Ltd.			**Type:**	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other		
Address:	P.O. Box 153055			**City:**	Lufkin	**State:**	TX
Zip:	75915	**Contact:**	Jerry Moore	**Phone:**	(936) 699-2960	**Fax:**	(936) 699-2962

PRINCIPALS of the APPLICANT

Name:	Shannock Development, LLC	**(%):**	0.005	**Title:**	Managing General Partner
Name:	SunAmerica Affordable Housing Partners, Inc.	**(%):**	99.99	**Title:**	Limited Partner
Name:	Pineywoods Home Team Affordable Housing	**(%):**	0.005	**Title:**	Co-General Partner
Name:	Jerry D. Moore		N/A	**Title:**	100% Owner of Shannock

GENERAL PARTNER

Name:	Shannock Development, LLC			**Type:**	☒ For Profit ☐ Non-Profit ☐ Municipal ☐ Other		
Address:	P.O. Box 153055			**City:**	Lufkin	**State:**	TX
Zip:	75915	**Contact:**	Jerry Moore	**Phone:**	(936) 699-2960	**Fax:**	(936) 699-2962

CO-GENERAL PARTNER

Name:	Pineywoods Home Team Affordable Housing			**Type:**	☐ For Profit ☒ Non-Profit ☐ Municipal ☐ Other		
Address:	P.O. Box 190			**City:**	Lufkin	**State:**	TX
Zip:	75901	**Contact:**	Doug Dowler	**Phone:**	(936) 637-7607	**Fax:**	(936) 637-7631

PROPERTY LOCATION

Location:	3708 South Lake Drive			☒ QCT	☐ DDA
City:	Texarkana	**County:**	Bowie	**Zip:**	75501

REQUEST

Amount	Interest Rate	Amortization	Term
$978,189	N/A	N/A	N/A

Other Requested Terms: Annual ten-year allocation of low-income housing tax credits-awarded in 2002

Proposed Use of Funds: New construction **Set-Aside:** ☒ General ☐ Rural ☐ Non-Profit

RECOMMENDATION

☑ RECOMMEND APPROVAL OF THE REQUESTED AMENDMENTS AND AN LIHTC ALLOCATION NOT TO EXCEED $978,189 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Amendment of the recorded Land Use Restriction Agreement (LURA) for this development to include all 23.458 acres purchased by the Owner;
2. Should the Owner request a release of the 9.2 acres for future development without TDHCA funds, it should be granted only to the extent that a prorata payment representing $22,041 per acre be provided to the Department or if a new TDHCA LURA is part of the second phase, the cost for that phase includes only holding and transfer costs for any of the land used that is part of the subject 23.458 acres;

ADDENDUM

In conjunction with the Cost Certification for Lakeridge Apartments the Owner has requested several amendments to the application. Specifically, the owner is requesting approval for the following changes: substitution of ceramic tile floors in the entry, kitchen and bathrooms with the vinyl tile flooring; a change in the floor plans for two units from two bedroom-two bath units to two bedroom-one bath units; a reduction in the number of surface parking spaces from 335 to 256 surface spaces; and a modification to the site from 27 acres to 14.263 acres.

The current request to approve a substitution of ceramic tile with vinyl tile and a reduction in the number of the surface parking spaces does not materially affect the original underwriting conclusions. The Underwriter has re-evaluated the direct construction costs as part of the Cost Certification process using current Marshall and Swift costs to determine the impact of the change in two of the units. Specifically, at application all of the two-bedroom units were to be constructed with two baths. At Cost Certification, it has been identified that two of the two-bedroom units were constructed with only one bathroom. According to the Owner, these two units, designated as fully accessible, were constructed with only one bathroom in order to provide a larger dining room area to better accommodate accessibility. Based on the re-evaluation, the Owner's total actual direct construction cost of $5,948,281 is 1% lower than the Owner's estimated direct construction cost at application. The Underwriter's revised cost estimate at Cost Certification of $6,608,537 is 10% higher than the Owner's actual costs. The Owner's actual cost is supported by the Contactor's Final Application for payment and an Independent Auditor's Report.

The requested change in site from 27 to 14.263 acres was also considered in the Underwriter's Cost Certification analysis. At application the Owner indicated that a total of 27 acres would be purchased for the subject development. Upon review of the site plan submitted at application and a survey provided after award, it appears that the area contemplated for this development totaled approximately 29 acres instead of the 27 stated in the application. The Owner indicated that at application, the Owner gave a best estimate of the total site to be acquired, which consisted of several parcels of land. The Owner further stated that there was no platting or survey done of the site prior to an allocation of credits. The two parcels of land consisted of a 5.77 acre parcel located in the front (south side) of the site and a 23.458 acre parcel located directly behind the 5.77 acres parcel. The 5.77 acre parcel was subsequently subdivided and not included in the site acquisition due to environmental issues. The settlement statement provided in the Cost Certification reflects that the Owner purchased only 23.458 acres for a total acquisition price of $517,033. Of the site purchased, 14.263 acres are currently being used for the subject Lakeridge Apartments. The remaining 9.2 acres is planned for a phase two development. The cost per acre amounts to $22,041, which, if prorated for the 14.263 acres currently developed, would amount to a total site acquisition cost of $314,371. The Owner's

Cost Certification includes the $517K cost for the entire 23.458 acres. However, the fully executed and recorded LURA for the development only restricts the 14.263 acres on which the development is currently located. As a result, the Underwriter's analysis included only the prorated cost for the 14.263 acres. Adjusting the Owner's total development costs for this difference would result in an excess of funds, which would require a reduction of the credit amount. The Underwriter discussed this with the Owner and concluded that if the entire 23.458 acres were restricted in the Department's LURA, the entire acquisition cost would be allowed in this analysis. Therefore, this analysis will include the entire $517K acquisition cost in the analysis and will recommend no change in the credit amount with the condition that the Owner amend the current recorded LURA to restrict all 23.458 acres of the site and with the additional condition that should the Owner apply to the Department for funding of the second phase of the development, no acquisition costs be allowed. Alternatively, if the Owner requests a release of the 9.2 acres for development at some future point without the use of TDHCA funds, then the release price should be the prorate value of $202,777.

Underwriter:	Raquel Morales *Raquel Morales*	**Date:**	November 28, 2006
Director of Credit Underwriting:	*Tom Gouris*	**Date:**	November 28, 2006

COST CERTIFICATION: Comparative Analysis

Lakeridge Apartment, Texarkana, HTC#2135
Reviewed by: Raquel Morales
Date: 6/5/06

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	UW Net Rent	Rent per Month	CC Net Rent	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC30%	1	1	1	829	$251	$196	$182	$196	$196	$0.24	$54.79	$33.36
TC40%	1	1	1	829	335	$280	$256	280	$280	0.34	54.79	33.36
TC50%	4	1	1	827	419	$364	$335	1,457	$364	0.44	54.79	33.36
TC60%	22	1	1	827	503	$448	$412	9,861	$448	0.54	54.79	33.36
TC50%	1	2	1	1,096	502	$432	$421	432	$432	0.39	70.45	38.97
TC60%	1	2	1	1,096	603	$533	$403	533	$533	0.49	70.45	38.97
TC30%	1	2	2	1,107	301	$231	$403	231	$231	0.21	70.45	38.97
TC50%	3	2	2	1,107	502	$432	$495	1,295	$432	0.39	70.45	38.97
TC60%	22	2	2	1,107	603	$533	$521	11,716	$533	0.48	70.45	38.97
TC40%	1	3	2	1,492	465	$395	$403	395	$395	0.26	70.45	38.97
TC50%	4	3	2	1,346	581	$511	$403	2,042	$511	0.38	70.45	38.97
TC60%	51	3	2	1,492	697	$627	$495	31,954	$627	0.42	70.45	38.97
TOTAL:	112		AVERAGE:	1,224	$606	$539		$60,390		$0.44	$66.54	$37.57
28	28											

INCOME		Total Net Rentable Sq Ft	137,102		TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT			
POTENTIAL GROSS RENT					$724,681	$660,804	$660,804	$714,312			
Secondary Income			Per Unit Per Month:	$10.00	13,440	20,160	20,160	23,436	$17.44	Per Unit Per Month	
Other Support Income: (describe)					0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$738,121	$680,964	$680,964	$737,748			
Vacancy & Collection Loss			% of Potential Gross Income	-7.50%	(55,359)	(51,072)	(51,072)	(55,332)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					(39,996)			(39,996)			
EFFECTIVE GROSS INCOME					$642,766	$629,892	$629,892	$642,420			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.29%	$304	$0.25	$33,999	$33,999	$27,000	$54,815	$0.40	$489	8.53%
Management		5.00%	287	0.23	32,136	31,495	31,462	34,120	0.25	305	5.31%
Payroll & Payroll Tax		14.51%	833	0.68	93,296	93,296	87,279	93,310	0.68	833	14.52%
Repairs & Maintenance		7.81%	448	0.37	50,214	49,554	75,220	48,244	0.35	431	7.51%
Utilities		3.55%	204	0.17	22,803	20,563	16,200	10,800	0.08	96	1.68%
Water, Sewer, & Trash		7.86%	451	0.37	50,491	52,080	41,664	49,152	0.36	439	7.65%
Property Insurance		3.41%	196	0.16	21,936	21,449	35,452	41,412	0.30	370	6.45%
Property Tax	2.3808	10.37%	595	0.49	66,662	60,760	47,930	47,940	0.35	428	7.46%
Reserve for Replacements		3.48%	200	0.16	22,400	22,400	22,400	22,400	0.16	200	3.49%
Other Expenses: cable/supp svcs/compliance/		0.95%	54	0.04	6,096	7,400	7,400	6,096	0.04	54	0.95%
TOTAL EXPENSES		62.24%	$3,572	$2.92	$400,036	$392,996	$392,007	$408,289	$2.98	$3,645	63.55%
NET OPERATING INC		37.76%	$2,167	$1.77	$242,730	$236,896	$237,885	$234,131	$1.71	$2,090	36.45%
DEBT SERVICE											
First Lien Mortgage		30.93%	$1,775	$1.45	$198,785	$200,318	$200,318	$198,785	$1.45	$1,775	30.94%
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		6.84%	$392	$0.32	$43,945	$36,578	$37,567	$35,346	$0.26	$316	5.50%
AGGREGATE DEBT COVERAGE RATIO					1.22	1.18	1.19	1.18			
ALTERNATIVE DEBT COVERAGE RATIO					1.22						

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-CC	TDHCA-UW	APPLICATION	COST CERT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.85%	$2,807	$2.29	$314,368	$487,500	$487,500	$517,033	$3.77	$4,616	4.89%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		7.84%	7,725	6.31	865,194	601,800	601,800	865,194	6.31	7,725	8.18%
Direct Construction		59.91%	59,005	48.20	6,608,537	5,510,505	6,004,709	5,948,281	43.39	53,110	56.26%
Contingency						305,615	334,025				
General Req'ts	5.36%	3.63%	3,578	2.92	400,684	366,738	400,831	400,684	2.92	3,578	3.79%
Contractor's G & A	0.58%	0.39%	385	0.31	43,065	122,246	133,610	43,065	0.31	385	0.41%
Contractor's Profit	1.73%	1.17%	1,154	0.94	129,195	366,738	400,831	129,195	0.94	1,154	1.22%
Indirect Construction		8.41%	8,279	6.76	927,240	317,500	317,500	927,240	6.76	8,279	8.77%
Ineligible Costs		3.42%	3,365	2.75	376,922	193,521	193,521	376,922	2.75	3,365	3.57%
Developer's G & A	0.91%	0.74%	731	0.60	81,876	155,721	272,077		0.00	0	0.00%
Developer's Profit	13.00%	10.66%	10,499	8.58	1,175,942	1,012,169	1,088,310	1,257,818	9.17	11,231	11.90%
Interim Financing		0.65%	641	0.52	71,795	194,925	194,925	71,795	0.52	641	0.68%
Reserves		0.32%	315	0.26	35,263	122,400	122,400	35,263	0.26	315	0.33%
TOTAL RESIDENTIAL COST		100.00%	$98,483	$80.45	$11,030,081	$9,757,398	$10,552,039	$10,572,490	$77.11	$94,397	100.00%
COMMERCIAL SPACE COST		0.00%	$0	$0.00	$0				$0.00	$0	0.00%
TOTAL DEVELOPMENT COST		100.00%	$98,483	$80.45	$11,030,081	$9,757,398	$10,552,039	$10,572,490	$77.11	$94,397	100.00%

SOURCES OF FUNDS								GAP ANALYSIS
First Lien Mortgage	22.67%	$22,321	$18.23	$2,500,000	$2,275,000	$2,275,000	$2,500,000	$2,500,000
Additional Financing	0.00%	$0	$0.00	0		0		0
LIHTC Net Syndication Proceeds	72.14%	$71,043	$58.04	7,956,780	8,010,682	8,010,682	7,956,780	7,956,780
Deferred Developer Fees	1.05%	$1,033	$0.84	115,710	266,357	266,357	115,710	
Additional (excess) Funds Req'd	4.15%	$4,086	$3.34	457,591	(794,641)	0	0	115,710
TOTAL SOURCES				$11,030,081	$9,757,398	$10,552,039	$10,572,490	$10,572,490

COST CERTIFICATION: Comparative Analysis

Lakeridge Apartment, Texarkana, HTC#2135

OPTIONAL

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$ 52.44	$7,189,111
Adjustments				
Exterior Wall Finish	4.60%		$2.41	$330,699
9' Ceilings	3.00%		1.57	215,673
Roofing			0.00	0
Subfloor			(1.12)	(153,554)
Floor Cover			2.22	304,366
Porches/Balconies	$19.79	10080	1.45	199,433
Plumbing	$680	(56)	(0.28)	(38,080)
Built-In Appliances	$1,675	112	1.37	187,600
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.73	237,186
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$58.52	11,437	4.88	669,236
Other:			0.00	0
SUBTOTAL			66.66	9,141,671
Current Cost Multiplier	1.03		2.00	274,250
Local Multiplier	0.86		(9.33)	(1,279,834)
TOTAL DIRECT CONSTRUCTION COSTS			$59.34	$8,136,088
Plans, specs, survy, bld prmts	3.90%		($2.31)	($317,307)
Interim Construction Interest	3.38%		(2.00)	(274,593)
Contractor's OH & Profit	11.50%		(6.82)	(935,650)
NET DIRECT CONSTRUCTION COSTS			$48.20	$6,608,537

PAYMENT COMPUTATION

Primary	$2,500,000	Amort	360
Int Rate	6.96%	DCR	1.22

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.22

Additional		Amort	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE

$198,785
0
0
$43,945

Primary	$2,500,000	Amort	360
Int Rate	6.96%	DCR	1.22

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.22

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

30-YEAR PROFORMA

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	$724,681	$746,421	$768,814	$791,878	$815,635	$945,544	$1,096,145	$1,270,732	$1,707,758
Secondary Income	13,440	13,843	14,258	14,686	15,127	17,536	20,329	23,567	31,672
Other Support Income (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	738,121	760,265	783,073	806,565	830,762	963,080	1,116,474	1,294,300	1,739,430
Vacancy & Collection Loss	[illegible]	[illegible]	[illegible]	[illegible]	(62,307)	[illegible]	[illegible]	[illegible]	[illegible]
Employee or Other Non-Rental Units	[illegible]	(41,195)	(42,432)	(43,705)	(45,018)	(52,168)	[illegible]	[illegible]	[illegible]
EFFECTIVE GROSS INCOME	$642,766	$662,049	$681,910	$702,368	$723,439	$838,664	$972,241	$1,127,094	$1,514,720
EXPENSES at 4.00%									
General & Administrative	$33,999	$35,359	$36,773	$38,244	$39,774	$48,391	$58,876	$71,631	$106,032
Management	32,138	33,102	34,096	35,118	36,172	41,933	48,612	56,355	75,736
Payroll & Payroll Tax	93,296	97,028	100,909	104,945	109,143	132,789	161,558	196,561	290,955
Repairs & Maintenance	50,214	52,222	54,311	56,484	58,743	71,470	86,954	105,793	156,599
Utilities	22,803	23,715	24,664	25,650	26,676	32,456	39,487	48,042	71,114
Water, Sewer & Trash	50,491	52,510	54,611	56,795	59,067	71,864	87,434	106,376	157,463
Insurance	21,936	22,814	23,726	24,675	25,662	31,222	37,987	46,217	68,412
Property Tax	66,662	69,329	72,102	74,986	77,986	94,881	115,438	140,446	207,897
Reserve for Replacements	22,400	23,296	24,228	25,197	26,205	31,882	38,790	47,193	69,858
Other	6,096	6,340	6,593	6,857	7,131	8,677	10,556	12,843	19,011
TOTAL EXPENSES	$400,036	$415,716	$432,013	$448,953	$466,560	$565,566	$685,691	$831,459	$1,223,079
NET OPERATING INCOME	$242,730	$246,333	$249,897	$253,415	$256,879	$273,098	$286,550	$295,635	$291,641
DEBT SERVICE									
First Lien Financing	$198,785	$198,785	$198,785	$198,785	$198,785	$198,785	$198,785	$198,785	$198,785
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	$43,945	$47,548	$51,112	$54,629	$58,093	$74,312	$87,764	$96,850	$92,855
DEBT COVERAGE RATIO	1.22	1.24	1.26	1.27	1.29	1.37	1.44	1.49	1.47
						66,203	81,038	92,307	94,852
Cumulative Cash Flow	43,945	91,493	142,604	197,234	255,327	586,342	991,535	1,453,070	2,401,593

COST CERTIFICATION - Lakeridge Apartment, Texarkana, HTC#2135

Reviewed by: Raquel Morales   Date: 6/5/06

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	$517,033	$314,368				
Purchase of buildings	$0	$0				
(2) Rehabilitation/New Construction Cost						
On-site work	$865,194	$865,194			$865,194	$865,194
Off-site improvements	$0	$0				
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	$5,948,281	$6,608,537			$5,948,281	$6,608,537
(4) Contractor Fees & General Requirements						
Contractor overhead	$43,065	$43,065			$43,065	$43,065
Contractor profit	$129,195	$129,195			$129,195	$129,195
General requirements	$400,684	$400,684			$400,684	$400,684
(6) Eligible Indirect Fees	$927,240	$927,240			$927,240	$927,240
(7) Eligible Financing Fees	$71,795	$71,795			$71,795	$71,795
(8) All Ineligible Costs	$376,922	$376,922				
(9) Developer Fees			$0	$0	$0	$0
Developer overhead	$0	$81,876	$0	$0	$0	$81,876
Developer fee	$1,257,818	$1,175,942	$0	$0	$1,257,818	$1,175,942
(10) Development Reserves	$35,263	$35,263				
TOTAL DEVELOPMENT COSTS	$10,572,490	$11,030,081	$0	$0	$9,643,272	$10,303,528

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis				$0	$0
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing				$0	$0
Non-qualified portion of higher quality units [42(d)(3)]				$0	$0
Commercial Space Cost				$0	$0
TOTAL ELIGIBLE BASIS		$0	$0	$9,643,272	$10,303,528
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$0	$0	$12,536,254	$13,394,587
Applicable Fraction		100%	100%	100%	100%
TOTAL QUALIFIED BASIS		$0	$0	$12,536,254	$13,394,587
Applicable Percentage		0.00%	0.00%	7.96%	7.96%
TOTAL AMOUNT OF TAX CREDITS		$0	$0	$997,886	$1,066,209
Syndication Proceeds	**0.813419493**	**$0**	**$0**	**$8,116,998**	**$8,672,753**

	Application	Approved	Cost Cert Reques	TDHCA/Reconciled	GAP
Total Tax Credits	1,047,148	978,189	997,892	978,189	14,225
Net Syndication Proceeds	8,010,682	7,956,780	8,117,048	7,956,780	115,710

Balance to be Recaptured

(N/A)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Waiver of the Material Noncompliance Provision of the Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credits for Plainview Vistas.

Requested Action

Approve, amend or deny the request for a waiver of the prohibition of a property being in Material Noncompliance as not being eligible for the Policy for Addressing Cost Increases found in Section III. 9. of the policy.

Background and Recommendations

Under the terms of the policy approved at the October 12, 2006, Board meeting regarding increases in costs for 2004 and 2005 awarded properties, an awarded property who has related properties that are in Material Noncompliance are not eligible to receive the additional credits. To the extent that multiple incidences occurred such that the cumulative score of the corrected items exceeds the compliance threshold, the Material Noncompliance score would remain for three years. The Material Noncompliance will limit the ability of the owner to receive new awards from the Department during this period.

Texas Administrative Code, Title 10, Part 1, Chapter 60, Subchapter A, ("PMC Rule") §60.2(7), identified Material Noncompliance for HTC Developments as having a score that is equal to or exceeds a threshold of 30 points. For Non-HTC Developments with 51 to 200 low income units, Material Noncompliance is identified as having a score that is equal to or exceeds a threshold of 120 points. Riverwalk Townhomes is comprised of 76 low income units under both housing programs.

Material Noncompliance was identified for Riverwalk Townhomes, (HTC number 02091, HTF number 852025). The Housing Tax Credit (HTC) score was 77 and a Housing Trust Fund (HTF) score was 198. The Material Noncompliance designation was in effect for the 2006 Application Round for Ronette Hodges, and the Department terminated two 2006 Competitive Housing Tax Credit Applications.

Pursuant to the 2006 PMC Rule, any Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor that is active in the ownership or Control in Riverwalk Townhomes is considered in Material Noncompliance.

Plainview Vistas, #04154

Ronette Hodges was identified as being a participant in the ownership and management structure for Riverwalk Townhomes. Ronette Hodges previously acted in the capacity as one of the General Partners and a Historically Underutilized Business (HUB) for Augusta Hills Limited Partnership ("Augusta"), the owner of Riverwalk Townhomes. Ronette Hodges was the President of Valentine Realtors, Inc. ("Valentine"), the General Partner with ownership interest of (0.01%) of Augusta and the certified HUB identified in the Cost Certification and the Housing Tax Credit Land Use Restrictive Agreement (LURA). The HUB, as stated in the recorded LURA, will hold an ownership interest in the Development and must maintain substantial participation in operation of the Development.

Lone Star Housing Corporation (Lone Star) is requesting a waiver of the ineligibility for Material Noncompliance violations in the Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments because Ronette Hodges is a minority partner with 20% ownership in the general partner of Plainview Vistas. Lone Star is the managing partner of the general partner with all decision making authority.

Staff Recommendation: Staff does not recommend the waiver of the policy regarding Material Noncompliance.

Staff notes that at the November 9, 2006 Board meeting the Board granted a waiver of the policy regarding Material Noncompliance for five (5) other properties.

Waiver

PLAINVIEW VISTAS, L.P.

1914 Encino Belle
San Antonio, Texas 78259

(210) 490-9440
(210) 490-9441 fax

November 2, 2006

Ms. Robbye G. Meyer
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
P.O. Box 13941
Austin, TX 78711-3941

RE: Plainview Vistas, TDHCA #07039
Waiver for Material Non-Compliance

Dear Ms. Meyer:

We are requesting a waiver for Plainview Vistas L.P. regarding "material non-compliance on other developments" in order to receive a 2007 allocation of tax credits for cost increases.

Plainview Vistas GP, L.L.C. is the general partner in which Lone Star Housing Corporation owns 80% and Heathmore, Inc. owns 20%. Heathmore, Inc. is owned 100% by Ronni Hodges.

At the time of formation, neither partner had any issues with material non-compliance on any developments. At that time, Ronni Hodges was a partner in Riverwalk Townhomes which subsequently fell into material non-compliance. Ronni Hodges does not have any management responsibilities or decision making authority in the General Partner.

We are asking that this waiver be granted due to the following:

- Lone Star Housing Corporation is in good standing on all developments,
- Lone Star Housing Corporation is the president of the general partner, and
- Lone Star Housing Corporation makes all decisions related to all aspects of management and financing.

We appreciate your consideration in this matter.

Sincerely,

Cathy Graugnard

Cathy Graugnard
President

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Items

Presentation, Discussion and Possible Approval of Awards from the 2006 Waiting List.

Required Action

Approve, Amend or Deny Awards from the 2006 Waiting List.

Background

At the July 28, 2006 Board meeting staff recommended and the Board approved awards for 2006 Competitive Housing Tax Credit Applications, and consistent with §50.10(b) of the Qualified Allocation Plan and Rules (QAP), a Waiting List of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The purpose of the waiting list was to establish an approved list of applications which would be eligible should any credits become available in 2006.

Depending on Board action on the staff recommendation to deny the extension requests for the three 2006 Competitive Housing Tax Credit applications under Agenda Item 10(a), if the credits are rescinded, $2,631,362 will be returned to the 2006 Credit Ceiling, and the remaining credits in the 2006 credit ceiling would be $2,755,878. To ensure access to the 2007 National Pool credits, the Department must allocate the majority of these credits prior to December 31, 2006.

In the event that credits are returned as a result of Board action today, staff requests authorization by the Board to take the following actions consistent with methodology outlined in the Waiting List approved at the July 28, 2006 Board meeting:

Developments will be “pulled” from the Waiting List as follows below:

- ❖ If credits are returned from the Nonprofit Set-Aside, and the return of credits causes the Department to achieve less than the required 10% Set-Aside, the next highest scoring nonprofit development will be recommended for a Commitment to the Board, regardless of the region in which it is located. If credits are returned from the Nonprofit Set-Aside, and the return of credits does not cause the Department to go below the required 10% Set-Aside, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board.
- ❖ If credits are returned from the USDA Set-Aside (which is applied regionally), and the return of credits causes the Department to achieve less than the required 5% Set-Aside within that region, the next highest scoring USDA development from that region’s

Waiting List will be recommended for a Commitment to the Board. If credits are returned from the USDA Set-Aside, and the return of credits does not cause the Department to go below the required 5% Set-Aside within that region, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board, regardless of set-aside.

- ❖ If credits are returned from the At-Risk Set-Aside (which is applied regionally), and the return of credits causes the Department to achieve less than the required 15% Set-Aside within that region, the next highest scoring At-Risk development from that region's Waiting List will be recommended for a Commitment to the Board. If credits are returned from the At-Risk Set-Aside, and the return of credits does not cause the Department to go below the required 15% Set-Aside within that region, then the next highest scoring development in the region of the returned credits will be recommended for a Commitment to the Board, regardless of set-aside.
- ❖ For all other developments, if credits are returned from a development not associated with any set-aside, the next highest scoring development from that region's Waiting List, regardless of inclusion in a set-aside or not, will be recommended for a Commitment to the Board.
- ❖ If there are no Applications on the Waiting list in the region, staff will allocate to the highest scoring Application in the sub-region whose shortfall of credits awarded would have been the most significant portion of their targeted sub-regional allocation.

Developments on the Waiting List not yet underwritten must still be found to be Acceptable, or Acceptable with Conditions, by Real Estate Analysis. Credit amounts and conditions are subject to change based on underwriting and underwriting appeals. Allocations from the Waiting List remain subject to review by the Portfolio Management and Compliance Division to ensure no issues of Material Non-Compliance exist. In the event that the credit amount returned is insufficient to fund the full credit recommendation, the Applicant will be offered an opportunity to adjust the size of their development, and if they decline staff will contact the applicant that is next on the Waiting List. Staff will also ensure that no awards from the Waiting List would cause a violation of any sections of the QAP (for example, the $2 million credit cap, the one mile rule, etc.).

Recommendation

To the extent that returned credits are available, staff requests authorization by the Board to award the remaining credits consistent with this methodology.

Housing Tax Credit Program
Board Action Request
December 14, 2006

Action Item

Request review and board determination of one (1) 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 one (1) 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
060433	Costa Verde	Clute	Southeast TX HFC	188	186	$19,685,549	$15,000,000	$805,190	$798,840

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
December 14, 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 Verde.

Summary of the Transaction

Background and General Information: The application was received on October 13, 2006. The Issuer for this transaction is Southeast Texas HFC. The development is new construction and will consist of 188 total units targeting the general population, with 186 units affordable and 2 market rate units. The site is not currently zoned for such a development and an application for re-zoning has been submitted. Evidence of final zoning will be required in the Determination Notice. The Compliance Status Summary completed on December 4, 2006 reveals that the principals of the general partner have a total of eight (8) properties that have been monitored with no material non-compliance. The bond priority for this transaction is:

☒ **Priority 3:** Any qualified residential rental development.

Census Demographics: The development is to be located at approximately the 152 block of Brazoswood Drive in Clute. Demographics for the census tract (6638) include AMFI of $35,057; the total population is 4,470; the percent of population that is minority is 51.63%; the percent of population that is below the poverty line is 17.74%; the number of owner occupied units is 683; the number of renter units is 860 and the number of vacant units is 185. The percentage of population that is minority for the entire City of Clute is 58% (Census information from FFIEC Geocoding for 2006).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of $798,840 in Housing Tax Credits for Costa Verde.

TEXAS
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2006

Development Information, Public Input and Board Summary

Costa Verde, TDHCA Number 060433

BASIC DEVELOPMENT INFORMATION

Site Address:	Approximately 152 Block of Brazoswood Dr.			Development #:	060433
City:	Clute	Region:	6	Population Served:	Family
County:	Brazoria	Zip Code:	77531	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	NC
Bond Issuer:	Southeast Texas HFC				

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

OWNER AND DEVELOPMENT TEAM

Owner:	Costa Verde III, Ltd.	
Owner Contact and Phone	Vincent A. Marquez	(713) 228-3778
Developer:	Northside Redevelopment Center	
Housing General Contractor:	NRP Contractors LLC	
Architect:	Alamo Architect	
Market Analyst:	Apartments Marketdata	
Syndicator:	CharterMac Capital Company	
Supportive Services:	Northside Redevelpment Center	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	186	0	12	96	72	8	0

Type of Building:
- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 5 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	186
Market Rate Units:	2
Owner/Employee Units:	0
Total Development Units:	188
Total Development Cost:	$19,403,866
Number of Residential Buildings:	11
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:	$805,190	$798,840	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

December 14, 2006

Development Information, Public Input and Board Summary

Costa Verde, TDHCA Number 060433

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 — US Representative: Paul, District 14, NC

TX Representative: Bonnen, District 25 NC — US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Calvin Shiflet, Mayor, City of Clute - NC — Resolution of Support from Local Government ☐

Barbara Hester, The City of Clute is not an entitlement city and does not have a Consolidated Plan. There is an identifiable need for affordable housing within the corporate limits of the City of Clute.

Individuals/Businesses: In Support: 0 In Opposition 0

Neighborhood Input:

General Summary of Comment:

The Department has received zero (0) letters of support and zero (0) 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, by cost certification, of documentation that the potential for excessive noise from the railroad has been re-evaluated by a qualified professional, and 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

December 14, 2006

Development Information, Public Input and Board Summary

Costa Verde, TDHCA Number 060433

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

4% Housing Tax Credits:		Credit Amount:	$798,840

Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $798,840 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: December 4, 2006 **PROGRAM:** 4% HTC **FILE NUMBER:** 060433

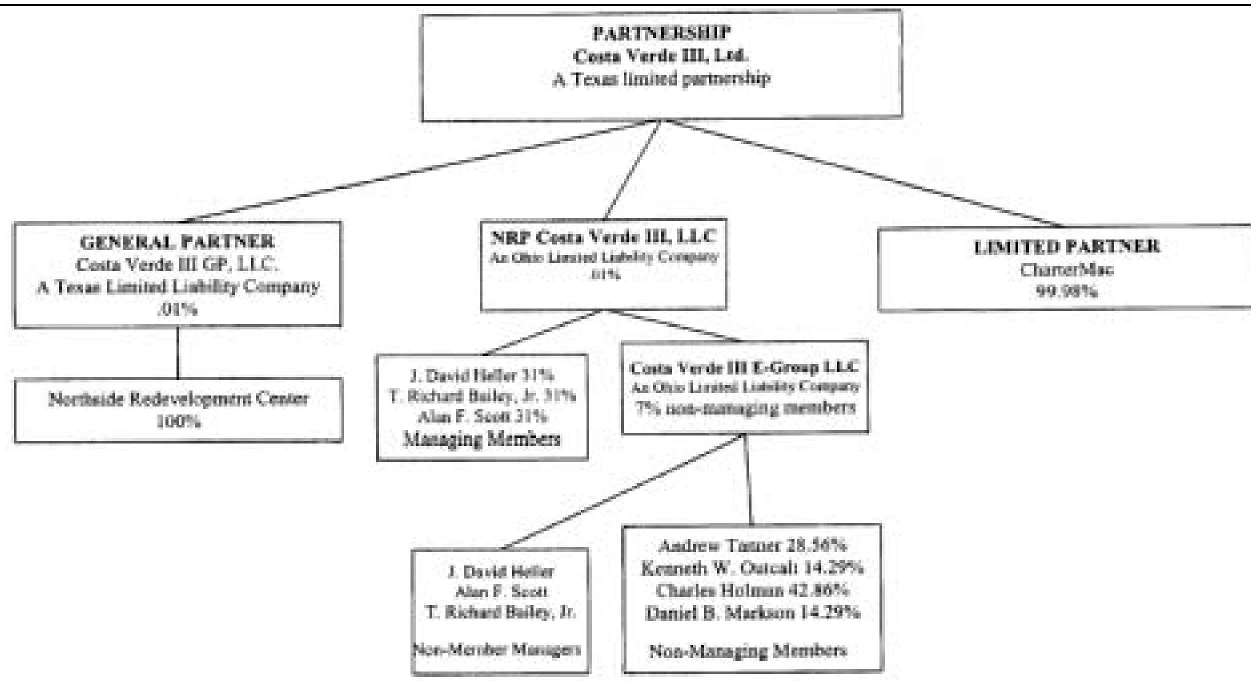
DEVELOPMENT NAME

Costa Verde

APPLICANT

Name:	Costa Verde III, Ltd	**Contact:**	Vincent A. Marquez
Address:	2223 N. Main, Suite 206		
City	Houston	**State:**	TX **Zip:** 77009
Phone:	(713) 228-3778 **Fax:** (713) 228-3988	**Email:**	mirnacruzrdz@sbcglobal.net

KEY PARTICIPANTS



Name:	Northside Redevelopment Center	**Title:**	Co-Developer
Name:	NRP Holdings, LLC	**Title:**	Co-Developer
Name:	Alan F Scott	**Title:**	33.3% Member of NRP Holdings, LLC
Name:	J David Heller	**Title:**	33.4% Member of NRP Holdings, LLC
Name:	T Richard Bailey, Jr	**Title:**	33.3% Member of NRP Holdings, LLC

PROPERTY LOCATION

Location:	the northwest side of Brazoswood Dr. (152 block), less than one quarter mile west of Old Angleton Rd		
City:	Clute	**Zip:**	77531
County:	Brazoria	**Region:**	6

☐ **QCT** ☒ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$805,190[1]	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 $798,840 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance, by cost certification, of documentation that the potential for excessive noise from the railroad has been reevaluated by a qualified professional, and subsequent recommendations have been carried out.
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: 188 **# Res Bldgs** 11 **# Non-Res Bldgs** 2 **Age:** N/A yrs **Vacant:** N/A at / /

Net Rentable SF: 209,636 **Av Un SF:** 1,115 **Common Area SF:** 3,837 **Gross Bldg SF:** 213,473

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 25% cement fiber and 75% 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 fan in each bathroom, 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, fire sprinklers, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for a total of 150 to 199 units, the Applicant has elected to provide a barbecue or picnic table for every 50 units, controlled access gates, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a swimming pool, and a furnished and staffed children's activity center.

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

[1] The Total Development Cost Schedule (updated 11/16/2006) indicates a request for only $787,093 in annual tax credits

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Costa Verde is a 12.5-unit per acre new construction development located in Clute in Brazoria County. The development is comprised of 11 evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR	4BR
4	3		12	12	
3	3		12		
2	2				4
2	3	6	6	12	

The development includes a 3,517-square foot community building and a separate 320-square foot maintenance building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	15 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	R3	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located on the northwest side of Brazoswood Dr., less than one quarter mile west of Old Angleton Rd.

Adjacent Land Uses:

- **North:** Storage facility immediately adjacent and residential properties beyond;
- **South:** Apartment complex immediately adjacent and a quarry or gravel pit beyond;
- **East:** Brazoswood Dr immediately adjacent and residential properties beyond; and
- **West:** Lake Bend immediately adjacent and undeveloped land beyond.
- **Site Access:** The site will be accessed on the east side from Brazoswood Dr.

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

Shopping & Services: Police, fire, medical, education, recreation, and shopping facilities are all located within a few miles of the subject property.

Adverse Site Characteristics:

- **Zoning:** The original application materials included documentation that the Applicant had requested the site be rezoned for multifamily development. The Applicant subsequently submitted a letter from the City of Clute dated October 13, 2006 verifying that the site has been rezoned appropriately.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 10/18/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

- Active train track is located east of the property
- A drainage ditch runs along the entire south side of the property
- There is a pond on the north side of the property
- Current entrance to the property is on the east end
- There is an existing project adjacent to the west side of the property

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated June 7, 2006 was prepared by Raba-Kistner Consultants, Inc., and supplemented by a letter dated November 9, 2006. The Phase I Engineer reported the following findings and recommendations:

Findings:

- **Noise:** "The SITE is not located in close proximity to industrial zones, major highways, active rail lines, airfields, or other potential sources of excessive noises; therefore, R-K does not recommend a noise survey for the SITE." (letter 11/09)
- **Floodplain:** "According to the FEMA FIRM Map … effective June 5, 1989, the … property is located in Zone X. Zone X is identified as areas that are determined to be outside the 100- and 500-year floodplains. Stormwater runoff from the SITE appears to flow north towards Lake Bend which was designed to drain the SITE." (letter 11/09)
- **Asbestos-Containing Materials (ACM):** "Due to the undeveloped nature of the SITE, an asbestos … survey is not recommended." (letter 11/09)
- **Lead-Based Paint (LBP):** "Due to the undeveloped nature of the SITE … a lead-based paint survey is not recommended." (letter 11/09)
- **Lead in Drinking Water:** "Drinking water is supplied to area residents by the municipal water supply and is required to be within Federal and State standards. Testing is not recommended for lead in drinking water." (letter 11/09)
- **Radon:** "According to the Environmental Protection Agency's Map of Radon Zones, the SITE is depicted as Zone 3 – low potential (less than 2.0 pCi/L). Radon testing is not recommended for the SITE." (Letter 11/09)
- **Recognized Environmental Concerns (RECs):** "Based on the information reviewed, there was no evidence that the SITE or adjacent properties are currently under environmental regulatory review or enforcement action. No *recognized environmental conditions* involving the subject property were identified." (p. 13)

Recommendations: "Based on the information presented herein, R-K does not recommend further environmental assessment of the SITE at this time."

Although the Phase I Engineer states that the subject property is not within close proximity to active rail lines, maps clearly indicate that the Missouri Pacific Railroad runs along Old Angleton Rd, just one quarter mile to the east; in addition, the Manufactured Housing staff member who performed the site inspection mentioned the railroad as a potential concern.

Receipt, review, and acceptance, by cost certification, of documentation that the potential for excessive noise from the railroad has been reevaluated by a qualified professional, and 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. Any Qualified Residential Rental Project qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321). Ninety-nine percent of the units (186 of 188) will be reserved for households earning 60% or less of AMI, and the remaining 2 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	$31,260	$35,160	$39,060	$42,180	$45,300	$48,420

MARKET HIGHLIGHTS

A market feasibility study dated September 29, 2006 was prepared by Apartment MarketData, LLC ("Market Analyst") and included the following findings:

Secondary Market Information: "The PMA was limited to a population of 100,000, and may not be inclusive of the entire area that the analyst expects the subject to draw the majority of its residents." (p. 3)

Definition of Primary Market Area (PMA): "For this analysis, we utilized a Primary Market Area comprising a 248 square mile Trade Area. The PMA included the cities of Clute, Lake Jackson, Freeport, and Brazoria. Because the site is located along the coastal plain, roads were not used as boundaries for the

PMA." (p. 3) The PMA extends along the gulf coast from Bastrop Bayou to the San Bernard River, and inland as far as the Brazoria Reservoir. This area is equivalent to a circle with a radius of 9 miles.

Population: The estimated 2005 population of the PMA was 75,149 and is expected to increase to approximately 80,357 by 2010. Within the primary market area there were estimated to be 25,508 households in 2005.

Total Market Demand: The Market Analyst utilized a target household adjustment rate of 100% because the target market is the general population. The Analyst used a household size-appropriate adjustment rate of 98.5% (p. 47) and an income range of $25,097 to $45,300. The minimum income is based on the maximum program rent of $585 for a one-bedroom unit and a 35% rent burden on household income. The maximum income is based on the income for a six-person household at 60% of AMGI, assuming 1.5 person-per-bedroom occupancy of a four-bedroom unit. (p. 42) This income band results in an income-eligible adjustment rate of 22.6%. (p. 42) The tenure appropriate adjustment rate of 36% is specific to the general population. (p. 45) The Market Analyst indicates a turnover rate of 63% applies based on IREM data for the Houston area. (p. 46)

MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	20	2%	27	2%
Resident Turnover	1,309	98%	1,341	98%
TOTAL DEMAND	**1,329**	**100%**	**1,368**	**100%**

p. 9

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 20% based on a supply of 266 unstabilized comparable affordable housing units in the PMA (including 80 units at Freeport Oaks in addition to the subject) and total demand for 1,329 units. (p. 9) The Underwriter calculated an inclusive capture rate of 19% based on a supply of 266 units divided by a revised demand estimate for 1,368 affordable units. The market study indicates that Casa Quintana in Freeport reported 80% occupancy. The Underwriter contacted the property manager and determined the occupancy to be 88% in November 2006, 92% in October, and 94% in September. This is a 1996 project that has maintained stable occupancy in the past; therefore, it was not included as unstabilized supply when calculating the inclusive capture rate.

Unit Mix Conclusion: "The subject's unit mix is well suited for individuals and for families, as the subject is comprised of 6.3% one-bedroom units, which would accommodate households having one or two persons. One and two person households represent 52.54% of the sub-market area. The subject is also comprised of 49% two bedroom units, which would accommodate households having two, three, or four persons. The sum of two, three, and four person households represent 65.55 % of the sub-market area. The subject is also made up of 38.5% three-bedroom units and 6.3% four bedroom units, which would accommodate households which have three, four, five, six or seven persons. This grouping of households represents 47.46% of the submarket area. " (pp. 54-55)

Market Rent Comparables: "The competitive sub-market supply and demand analysis … included 393 existing income restricted units and 1,086 conventional units within the Primary Market Area… (for income restricted units) the report reflects an average rental rate of $0.750/sf for one bedroom units, $0.686/sf for two bedroom units, $0.609/sf for three bedroom units, $0.635/sf for four bedroom units, and $0.653/sf overall … (for market rate units) the report reflects an average rental rate of $0.885/sf for one bedroom units, $0.790/sf for two bedroom units, $0.801/sf for three bedroom units, and $0.831/sf overall … There are no market rate four bedroom units within the PMA." (p. 95)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$585	$585	$0	$650	-$65
2-Bedroom (60%)	$699	$699	$0	$770 to $785	-$71 to -$86
2-Bedroom (MR)	$853	N/A	N/A	$785	$68
3-Bedroom (60%)	$775	$793	-$18	$900	-$125
4-Bedroom (60%)	$825	$851	-$26	$1,085	-$260

(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 bedroom is 81.0%, for income restricted two bedrooms it is 94.8%, for the income restricted three bedroom units it is 91.3%, and for the income restricted four bedroom it is 81.8%, and the overall average occupancy for income restricted units is 90.6% … All but Casa Quintana reported an average occupancy of 93% or better … The occupancy rate for the market rate one bedrooms is 94.9%, for market rate two bedrooms it is 93.3%, the occupancy for the market rate three bedroom units is 100%, and the overall average occupancy for market rate units is 94.3% … There are no market rate four bedroom units within the PMA." (p. 95)

Absorption Projections: "We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 84)

Unstabilized, Under Construction, and Planned Development: "The current stock of affordable housing in the primary market area consists of four family projects. Currently these projects report an overall average occupancy of 90.6%. One family and one senior project are under construction." (p. 84) Only one comparable unstabilized development was noted: Freeport Oaks, TDHCA #04255, with 80 rent-restricted units.

Market Impact: "The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market." (p. 84)

Other Information: The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The study considers demand from household growth and replacement of substandard units and .does not incorporate demand from turnover as normally allowed in development specific market studies. In a large, area-wide market study, turnover does not result in new demand as a moving household leaves behind a vacant unit. A development specific market study identifies the demand from turnover as potential households that can be attracted away from existing units to the proposed development (and any other new developments that are not yet fully occupied).

The proposed development is located in the Lake Jackson / Freeport submarket within the Houston MSA. In this submarket, at the 51%-60% of AMGI income level, the Department's market study projects for the year 2009 (the subject's expected first year in service): negative demand for (32) studio/one-bedroom units, negative demand for (41) two-bedroom units, negative demand for (20) three-bedroom units, and negative demand for (6) four-bedroom units, for a total of (99) units.

This information is inconsistent with the demand conclusions of the market study submitted with the Application. The Market Analyst addressed the differences in the market study:

> The (Department) 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 Lake Jackson / Freeport submarket … contains a reported 142,982 people. This is 1.4 times the maximum population allowable for a market study … and encompasses an area of 1,181 square miles. Additionally, the demand methodology … only uses two components of demand. Per the report, it only assesses "new income-appropriate household growth and replacement or renovation of existing product". 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 (Department) report to the TDHCA's capture rate analysis, we come to a very different conclusion … Based on the information (in the report), we calculate the inclusive capture rate for the subject to be:

266 Total L/I Units / 2,506 Units of Demand = 10.61%

From the calculation of the capture rate using the TDHCA underwriting guidelines … the subject's units would be allowable … in spite of the conclusions drawn from the (Department) report. Additionally, we see that the turnover demand for the Primary Trade Area used for the Costa Verde Apartments market study arrives at approximately the same proportion of turnover demand as the report (1.74% of population vs. 1.73%). Had the (Department) report used the TDHCA's underwriting guidelines, the conclusions would have been very different." (pp. 111-118)

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 appears to have calculated projected rents collected per unit by subtracting tenant-paid utility allowances as of January 1, 2006, maintained by the Brazoria County Housing Agency, from the 2006 program gross rent limits. However, the Applicant's projected rents collected for three-bedroom and four-bedroom units are less than both the program maximums and the Market Analyst's rent conclusions. In contrast, the Applicant has indicated a rent for the market rate units at a level above the Market Analyst's rent conclusion. Tenants will be required to pay electric, natural gas, water, and sewer costs.

The Applicant included secondary income of $7.50 per unit per month from late fees, pet deposits, and concessions. This is within the TDHCA guideline range of $5 to $15 per unit per month. The Applicant's estimated losses due to vacancy and collection are consistent with TDHCA guidelines. Despite the differences in projected rents collect per unit, 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 $3,991 per unit is not within 5% of the Underwriter's estimate of $4,339, derived from the TDHCA database and third-party data sources. Several line items vary significantly from the Underwriter's estimates: the Applicant's estimated water sewer and trash expense is $28K less than the Underwriter's estimate; the Applicant's property insurance is $23K higher than the Underwriter's estimate; and the Applicant's property tax is $32K less than the Underwriter's estimate. It should be noted, the Underwriter's water, sewer and trash expense estimate takes into account the proposed utility structure with tenants responsible for unit water and sewer costs. Finally, the Applicant has understated TDHCA compliance fees.

Conclusion: While the Applicant's estimate for effective gross income is within 5% of the Underwriter's estimate, the Applicant's total operating expense and net operating income each vary by more than 5% when compared to the Underwriter's estimates. Therefore, the Underwriter's Year 1 proforma will be used to determine debt capacity. The Underwriter's NOI results in a first year debt coverage ratio below the minimum TDHCA guideline of 1.10. As a result, 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 as well as a revised annual debt service were used 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: 244.777 acres	$979,110	**Assessment for the Year of:**	2006
One Acre:	$4,000	**Valuation by:**	Brazoria County Appraisal District
Total Prorated Value: (15 acres)	$60,000	**Tax Rate:**	2.245086

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement (15 acres)		
Contract Expiration:	12/01/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$830,000	**Other:**	
Seller:	Thomas Dwyer McNeese, Individually & as Trustee	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $55,333 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction. The contract identifies the total sales price of $830,000, but it contains inconsistencies in the unit price, specifying it in words as "Fifty-Eight Thousand Dollars" and in numbers as "$53,333.33" per acre. The correct figure should be $55,333.33. The Applicant has committed to provide a correction to the contract.

Off-Site Costs: The Applicant claimed off-site costs of $361,250 for streets, drainage, water and sewer, and provided sufficient third party certification through a Licensed Professional Engineer to justify these costs.

Sitework Cost: The Applicant's claimed sitework costs of $4,043 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost: The Applicant submitted a revised development cost schedule on November 16, 2006, in which direct construction costs were reduced from $10.51M to $10.15M, and total development costs were reduced from $19.8M to $19.4M. The Applicant's direct construction cost estimate is $344K (or 3.3%) lower than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook*.

Contingency: The Applicant included soft cost contingency of $175,000 as an eligible indirect cost. This figure was added to general contingency of $487,102 claimed by the Applicant, with the total eligible portion limited to 5% of sitework and direct construction costs. As a result, the Applicant eligible basis is reduced by $116,605.

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. Due to overstated eligible soft cost contingency, the Applicant's eligible developer fee is reduced by $17,490.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for overstated eligible contingency and eligible developer fee, will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated basis of $17,300,835 is increased by 30% because the region has been designated a Difficult Development Area. It is then reduced by the Applicable Fraction of 99% because 2 of the 188 units will be rented at market rates. The resulting adjusted eligible basis of $22,491,085 supports annual tax credits of $798,840. 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.

It should be noted the Applicant used an applicable percentage of 3.51% to calculate the requested tax credits. The Underwriter used 3.59%, the underwriting applicable percentage in effect for August 2006 when the application was received.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: CharterMac Capital **Contact:** Ryan P. Sfreddo

Tax-Exempt: $10,212,000 **Interest Rate:** 6.10%, fixed, lender's estimate **Amort:** 480 months

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

Comments: 24 month interim period at prime rate

TAX CREDIT SYNDICATION

Source: CharterMac Capital **Contact:** Ryan P. Sfreddo

Proceeds: $7,810,000 **Net Syndication Rate:** 97% **Anticipated HTC:** $805,190/year

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

Comments:

OTHER

Amount: $1,783,183 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: Southeast Texas HFC will issue tax exempt private activity mortgage bonds. CharterMac Capital will purchase the bonds and provide a financing facility in the amount of $10,212,000, floating at the prime rate for up to a 24 month interim construction period, then converting to a permanent loan at a fixed rate of 6.1% and fully amortizing over 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 $1,783,183 amount to 67% of the total fees. This amount was based on the original development cost schedule. With the reduced development costs specified by the revised cost schedule, the required deferred developer fee is reduced to $1,382,304. The Applicant did not provide a revised sources and uses document to reflect this.

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 $10,000,000 based on the terms reflected in the application materials. As a result the development's gap in financing will increase.

The Applicant's total development cost estimate less the revised permanent loan of $10,000,000 indicates the need for $9,403,866 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $969,610 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request at application ($805,190), the gap-driven amount ($969,610), and eligible basis-derived estimate ($798,840), the eligible basis-derived estimate of $798,840 is recommended, resulting in proceeds of $7,747,636 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $1,656,230 in additional permanent funds. Deferred developer fees in this amount do not appear to be repayable from development cashflow within 10 years of stabilized operation, but appear to be repayable within 15 years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

- The Applicant, Co-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 Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Northside Redevelopment Center, the Developer and 100% managing member of the General Partner, submitted an audited financial statement as of December 31, 2005 reporting total assets of $3.2M, consisting of $11K in cash, $35K in receivables, $521K in land, $2.7M in buildings, $77K in equipment, furniture, and fixtures, (125K) in accumulated depreciation, and $19K in other assets. Liabilities totaled $3M, resulting in net assets of $172K.
- NRP Holdings, LLC, the Co-Developer, submitted an audited financial statement as of December 31, 2005 reporting total assets of $9.1M, consisting of $57K in cash, $6.2M in current receivables, $1.4M in notes receivable, $1.5M in prepaid development costs, and $85K in property and equipment. Liabilities totaled $10.4M, resulting in net assets of ($1.2M).
- J. David Heller, a principal of NRP Costa Verde III, LLC, the Special Limited Partner, submitted an unaudited personal financial statement as of November 8, 2006.
- Ted Richard Bailey, Jr., a principal of NRP Costa Verde III, LLC, the Special Limited Partner, submitted an unaudited personal financial statement as of July 5, 2006.
- Alan F. Scott, a principal of NRP Costa Verde III, LLC, the Special Limited Partner, submitted an unaudited personal financial statement as of July 6, 2006.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental/locational risk could potentially exist regarding noise from the nearby railroad.

Underwriter:	*Thomas Cavanagh*	**Date:**	December 4, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	December 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Costa Verde, Clute, 4% HTC 060433

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd ENWS	Trash only
TC 60%	12	1	1	789	$732	$585	$7,020	$0.74	$147.00	$12.00
TC 60%	84	2	2	1,010	879	$699	58,716	0.69	180.00	12.00
TC 60%	10	2	2	1,040	879	$699	6,990	0.67	180.00	12.00
MR	2	2	2	1,040		785	1,570	0.75	180.00	12.00
TC 60%	72	3	2	1,255	1015	793	57,096	0.63	222.00	12.00
TC 60%	8	4	2	1,561	1,132	851	6,808	0.55	281.00	12.00
TOTAL:	188		AVERAGE:	1,115	$923	$735	$138,200	$0.66	$198.28	$12.00

INCOME	Total Net Rentable Sq Ft: 209,636		TDHCA	APPLICANT		
					Comptroller's Region	6
POTENTIAL GROSS RENT			$1,658,400	$1,641,984	IREM Region	Houston
Secondary Income	Per Unit Per Month:	$7.50	16,920	16,920	$7.50	Per Unit Per Month
Other Support Income:			0		$0.00	Per Unit Per Month
POTENTIAL GROSS INCOME			$1,675,320	$1,658,904		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(125,649)	(124,416)	-7.50%	of Potential Gross Income
Employee or Other Non-Rental Units or Concessions			0			
EFFECTIVE GROSS INCOME			$1,549,671	$1,534,488		

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.53%	$373	0.33	$70,127	$56,400	$0.27	$300	3.68%
Management		5.00%	412	0.37	77,484	76,788	0.37	408	5.00%
Payroll & Payroll Tax		11.86%	978	0.88	$183,782	169,200	0.81	900	11.03%
Repairs & Maintenance		5.91%	487	0.44	91,610	106,760	0.51	568	6.96%
Utilities		3.81%	314	0.28	58,979	45,400	0.22	241	2.96%
Water, Sewer & Trash		3.76%	310	0.28	58,224	30,200	0.14	161	1.97%
Property Insurance		3.99%	329	0.30	61,850	84,600	0.40	450	5.51%
Property Tax	2.245086	9.33%	769	0.69	144,544	112,800	0.54	600	7.35%
Reserve for Replacements		2.43%	200	0.18	37,600	37,600	0.18	200	2.45%
Supp serv, compl fees		2.03%	168	0.15	31,520	30,580	0.15	163	1.99%
TOTAL EXPENSES		52.64%	$4,339	$3.89	$815,720	$750,328	$3.58	$3,991	48.90%
NET OPERATING INC		47.36%	$3,904	$3.50	$733,951	$784,160	$3.74	$4,171	51.10%
DEBT SERVICE									
First Lien Mortgage		44.06%	$3,632	$3.26	$682,816	$682,816	$3.26	$3,632	44.50%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		3.30%	$272	$0.24	$51,135	$101,344	$0.48	$539	6.60%
AGGREGATE DEBT COVERAGE RATIO					1.07	1.15			
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)		4.22%	$4,415	$3.96	$830,000	$830,000	$3.96	$4,415	4.28%
Off-Sites		1.84%	1,922	1.72	361,250	361,250	1.72	1,922	1.86%
Sitework		3.86%	4,043	3.63	760,000	760,000	3.63	4,043	3.92%
Direct Construction		53.31%	55,818	50.06	10,493,720	10,149,943	48.42	53,989	52.31%
Contingency	5.00%	2.86%	2,993	2.68	562,686	662,102	3.16	3,522	3.41%
General Req'ts	5.76%	3.29%	3,449	3.09	648,346	648,346	3.09	3,449	3.34%
Contractor's G & A	1.92%	1.10%	1,150	1.03	216,115	216,115	1.03	1,150	1.11%
Contractor's Profit	5.76%	3.29%	3,449	3.09	648,346	648,346	3.09	3,449	3.34%
Indirect Construction		4.83%	5,057	4.53	950,629	950,629	4.53	5,057	4.90%
Ineligible Costs		3.00%	3,137	2.81	589,686	589,686	2.81	3,137	3.04%
Developer's G & A	1.76%	1.38%	1,444	1.29	271,449	0	0.00	0	0.00%
Developer's Profit	13.00%	10.17%	10,653	9.55	2,002,672	2,274,121	10.85	12,096	11.72%
Interim Financing		5.72%	5,986	5.37	1,125,328	1,125,328	5.37	5,986	5.80%
Reserves		1.14%	1,199	1.07	225,322	188,000	0.90	1,000	0.97%
TOTAL COST		100.00%	$104,710	$93.90	$19,685,549	$19,403,866	$92.56	$103,212	100.00%
Construction Cost Recap		*67.71%*	***$70,900***	***$63.58***	***$13,329,213***	***$13,084,852***	***$62.42***	***$69,600***	*67.43%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	51.88%	$54,319	$48.71	$10,212,000	$10,212,000	$10,000,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$2,256,631
HTC Syndication Proceeds	39.67%	$41,540	$37.25	7,809,562	7,809,562	7,747,636	% of Dev. Fee Deferred
Deferred Developer Fees	9.06%	$9,485	$8.51	1,783,183	1,783,183	1,656,230	73%
Additional (Excess) Funds Req'd	-0.61%	($634)	($0.57)	(119,196)	(400,879)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$19,685,549	$19,403,866	$19,403,866	$2,492,954

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Costa Verde, Clute, 4% HTC 060433

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$48.09	$10,080,989
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
9-Ft. Ceilings	3.00%		1.44	302,430
Roofing			0.00	0
Subfloor			(0.75)	(156,528)
Floor Cover			2.22	465,392
Porches/Balconies	$20.15	20,141	1.94	405,754
Plumbing Fixtures	$680	528	1.71	359,040
Built-In Appliances	$1,675	188	1.50	314,900
Stairs (internal)	$1,485	8	0.06	11,880
Plumbing Rough-ins	$340	376	0.61	127,840
Heating/Cooling			1.73	362,670
Stairs (external)	$1,900.00	126	1.14	239,400
Comm &/or Aux Bldgs	$73.90	3,517	1.24	259,918
maintenance bldg	$65.99	320	0.10	21,115
Other: fire sprinklers	$2.50	209,636	2.50	524,090
SUBTOTAL			63.53	13,318,889
Current Cost Multiplier	1.07		4.45	932,322
Local Multiplier	0.90		(6.35)	(1,331,889)
TOTAL DIRECT CONSTRUCTION COSTS			$61.63	$12,919,323
Plans, specs, survy, bld prm	3.90%		($2.40)	($503,854)
Interim Construction Interest	3.38%		(2.08)	(436,027)
Contractor's OH & Profit	11.50%		(7.09)	(1,485,722)
NET DIRECT CONSTRUCTION COSTS			$50.06	$10,493,720

PAYMENT COMPUTATION

Primary	$10,212,000	Amort	480
Int Rate	6.10%	DCR	1.07

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.07

Additional	$7,809,562	Amort	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$668,641
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$65,311

Primary	$10,000,000	Amort	480
Int Rate	6.10%	DCR	1.10

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$7,809,562	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

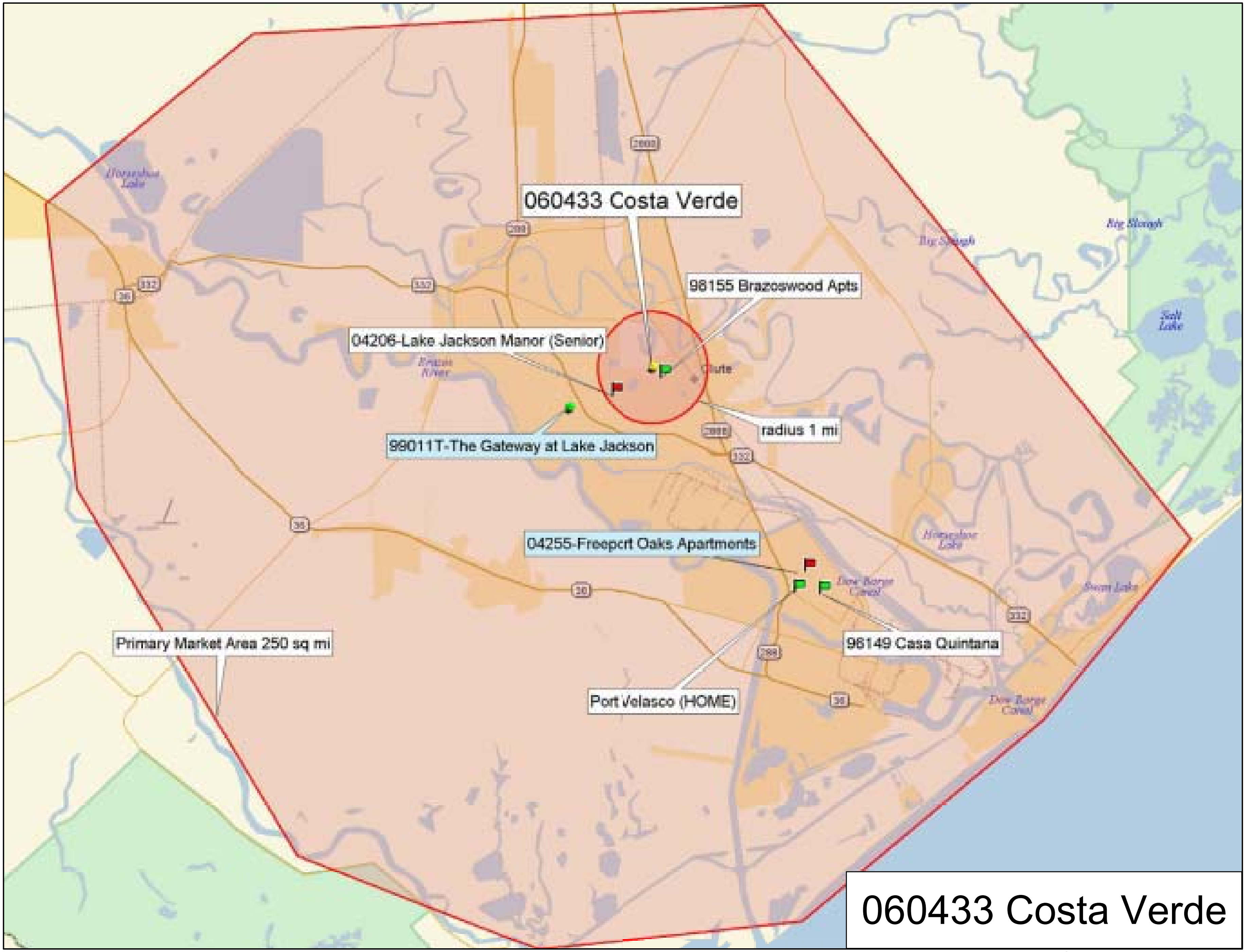
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,658,400	$1,708,152	$1,759,397	$1,812,178	$1,866,544	$2,163,836	$2,508,479	$2,908,014	$3,908,128
Secondary Income	16,920	17,428	17,950	18,489	19,044	22,077	25,593	29,669	39,873
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,675,320	1,725,580	1,777,347	1,830,667	1,885,587	2,185,913	2,534,072	2,937,684	3,948,001
Vacancy & Collection Loss	(125,649)	(129,418)	(133,301)	(137,300)	(141,419)	(163,943)	(190,055)	(220,326)	(296,100)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,549,671	$1,596,161	$1,644,046	$1,693,367	$1,744,168	$2,021,969	$2,344,016	$2,717,357	$3,651,901
EXPENSES at 4.00%									
General & Administrative	$70,127	$72,932	$75,850	$78,884	$82,039	$99,813	$121,438	$147,747	$218,702
Management	77,484	79,808	82,202	84,668	87,208	101,098	117,201	135,868	182,595
Payroll & Payroll Tax	183,782	191,133	198,779	206,730	214,999	261,579	318,251	387,201	573,152
Repairs & Maintenance	91,610	95,275	99,085	103,049	107,171	130,390	158,639	193,009	285,700
Utilities	58,979	61,338	63,791	66,343	68,997	83,945	102,132	124,259	183,933
Water, Sewer & Trash	58,224	60,553	62,975	65,494	68,114	82,871	100,825	122,669	181,580
Insurance	61,850	64,324	66,897	69,573	72,356	88,032	107,104	130,308	192,888
Property Tax	144,544	150,326	156,339	162,593	169,096	205,732	250,304	304,533	450,784
Reserve for Replacements	37,600	39,104	40,668	42,295	43,987	53,517	65,111	79,218	117,261
Other	31,520	32,781	34,092	35,456	36,874	44,863	54,582	66,408	98,300
TOTAL EXPENSES	$815,720	$847,574	$880,679	$915,084	$950,840	$1,151,839	$1,395,587	$1,691,220	$2,484,896
NET OPERATING INCOME	$733,951	$748,587	$763,367	$778,284	$793,328	$870,130	$948,429	$1,026,137	$1,167,005
DEBT SERVICE									
First Lien Financing	$668,641	$668,641	$668,641	$668,641	$668,641	$668,641	$668,641	$668,641	$668,641
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$65,311	$79,947	$94,727	$109,643	$124,687	$201,490	$279,789	$357,497	$498,364
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.16	1.19	1.30	1.42	1.53	1.75

HTC ALLOCATION ANALYSIS -Costa Verde, Clute, 4% HTC 060433

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	$830,000	$830,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$760,000	$760,000	$760,000	$760,000
Off-site improvements	$361,250	$361,250		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$10,149,943	$10,493,720	$10,149,943	$10,493,720
(4) Contractor Fees & General Requirements				
Contractor overhead	$216,115	$216,115	$216,115	$216,115
Contractor profit	$648,346	$648,346	$648,346	$648,346
General requirements	$648,346	$648,346	$648,346	$648,346
(5) Contingencies	$662,102	$562,686	$545,497	$562,686
(6) Eligible Indirect Fees	$950,629	$950,629	$950,629	$950,629
(7) Eligible Financing Fees	$1,125,328	$1,125,328	$1,125,328	$1,125,328
(8) All Ineligible Costs	$589,686	$589,686		
(9) Developer Fees			$2,256,631	
Developer overhead		$271,449		$271,449
Developer fee	$2,274,121	$2,002,672		$2,002,672
(10) Development Reserves	$188,000	$225,322		
TOTAL DEVELOPMENT COSTS	$19,403,866	$19,685,549	$17,300,835	$17,679,291

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		$17,300,835	$17,679,291
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$22,491,085	$22,983,078
Applicable Fraction		99%	99%
TOTAL QUALIFIED BASIS		$22,251,818	$22,738,577
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$798,840	$816,315
Syndication Proceeds	**0.9699**	**$7,747,636**	**$7,917,115**

Total Tax Credits (Eligible Basis Method)	**$798,840**	**$816,315**
Syndication Proceeds	**$7,747,636**	**$7,917,115**
Requested Tax Credits	**$805,190**	
Syndication Proceeds	**$7,809,219**	
Gap of Syndication Proceeds Needed	**$9,403,866**	
Total Tax Credits (Gap Method)	**$969,610**	


060433 Costa Verde
98155 Brazoswood Apts
04206-Lake Jackson Manor (Senior)
Clute
radius 1 mi
99011T-The Gateway at Lake Jackson
04255-Freeport Oaks Apartments
98149 Casa Quintana
Primary Market Area 250 sq mi
Port Velasco (HOME)
060433 Costa Verde
Scale 1 : 150,000
1" = 2.37 mi
Data Zoom 10-4
TN
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MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Waiver of the Certification Requirement of Tax Exempt Bond Applications with New Docket Numbers for the Gardens of DeCordova, Gardens of Weatherford and Lakes of Goldshire.

Requested Action

Approve, amend or deny the request for a waiver of the certification requirement for tax exempt bond applications with new docket numbers from the Bond Review Board found in §49.12(f)(1) of the 2007 QAP, specifically that the new docket numbers must be issued in the same program year as the original docket number.

Background

The Gardens of DeCordova (#060420) and the Gardens of Weatherford (#060419) were awarded 4% Housing Tax Credits and HOME CHDO Rental Development funds at the October 12, 2006 Board meeting and therefore has a docket number that was issued in 2006. The Private Activity Bond reservation expiration date is December 8, 2006 and the Applicant asserts that due to circumstances beyond their control they are unable to close by this date. The applicant anticipates having a new docket number issued by the Bond Review Board in 2007.

The Lakes of Goldshire (#060429) was awarded 4% Housing Tax Credits at the November 9, 2006 Board meeting and therefore has a docket number that was issued in 2006. The Private Activity Bond reservation expiration date is January 14, 2007 and the Applicant asserts that due to circumstances beyond their control they are unable to close by this date. The applicant anticipates having a new docket number issued by the Bond Review Board in 2007.

Pursuant to §49.12(f)(1) of the 2007 QAP, in the event the bonds are not closed prior to the reservation expiration date, the new docket number issued by the Bond Review Board must be issued in the same program year as the original docket number in order to have the Determination Notice reinstated. The applicant is requesting a waiver of this one requirement because the only change will be the docket number and the application will not require full review again. The applicant will submit a 2007 application once a 2007 allocation is received and will be under the 2007 QAP. Staff notes if there is opposition, the application must be presented to the Board for reinstatement.

Gardens of DeCordova (#060420)

The Issuer for this transaction was Northwest Central Texas HFC and the HOME award was $1,194,376. The development is new construction and will consist of 76 total units targeting the elderly population and will be located in Granbury. The Department received opposition letters from the city and individuals in the community and a support letter was received by the County Commissioner.

<u>Gardens of Weatherford (#060419)</u>

The Issuer for this transaction was Northwest Central Texas HFC and the HOME award was $1,144,376. The development is new construction and will consist of 76 total units targeting the elderly population and will be located in Weatherford. The Department did not receive any letters of opposition or support on this development.

<u>Lakes of Goldshire (#060429)</u>

The Issuer for this transaction is Fort Bend County HFC. The development is new construction and will consist of 160 total units targeting the general population and will be located in Rosenberg. The Department received one letter of support from State Senator Ken Armbrister, one letter of opposition from Lamar CISD and a city resolution of opposition.

Recommendation

Staff recommends the Board waive §49.12(f)(1) of the 2007 QAP, which would allow the applicant to be able to have a new docket number issued from the Bond Review Board in a different year from the original docket number.

Gardens of Weatherford will not require further review by the Board and will be handled by staff. It should be noted that pursuant to §49.12(f)(1) of the 2007 QAP, which states that "…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…". Gardens of DeCordova and Lakes of Goldshire both have public opposition and will therefore be presented to the Board for final reinstatement in 2007, unless that portion of the rule is also waived.

Housing Tax Credit Program
Board Action Request
December 14, 2006

Action Item

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

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for a tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
060628	Lancaster Apartments	Katy	TDHCA	252	252	$28,392,983	$14,250,000	$1,137,297	$1,137,297

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
December 14, 2006

Action Item

Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds, Series 2007 and a Determination Notice of Housing Tax Credits with TDHCA as the Issuer for Lancaster Apartments.

Requested Action

Approve, Amend or Deny the Issuance of Multifamily Housing Mortgage Revenue Bonds and the Determination of Housing Tax Credits.

Summary of the Lancaster Apartments Transaction

Background and General Information: 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.)* The pre-application for the 2006 Waiting List was received on June 30, 2006. The application was scored and ranked by staff. The application was induced at the July 28, 2006 Board meeting and submitted to the Texas Bond Review Board. The application received a reservation of allocation on August 14, 2006. The final date for bond delivery is on or before January 11, 2007, but the anticipated closing date is January 4, 2007. Located in Harris County, the development includes the new construction of 252 units targeted to the general population. This application was submitted under the Priority 2 category with the applicant proposing 100% of the units serving 60% of AMFI.

Organizational Structure and Compliance: The Borrower is Lancaster Apartments, L.P. and is comprised of William D. Henson and family with 45% ownership interest, J. Steve and Cynthia Ford with 45% ownership interest and James R. Mitchell with 10% ownership interest. The Compliance Status Summary completed on December 4, 2006 reveals that the principals of the general partner have a total of twenty-six (26) properties that have no material noncompliance.

Public Hearing: There were 239 people in attendance at the public hearing conducted by the Department for the proposed development on November 8, 2006 and 26 people spoke for the record. Twenty-five people who spoke at the hearing were in opposition. The reasons for opposition are as follows: overcrowding of area schools creating an additional burden on the community and school district, increased strain on emergency services, increase in traffic congestion, decrease in property values, no public transportation, increase in the crime rate, and concerns regarding the tenant screening process, specifically background checks not being performed on underage children. There were also assertions made at the public hearing that several of the Applicant's other tax credit properties are not being maintained. A copy of the transcript is included in this presentation. The Department has received opposition letters from State Representative Bill Callegari, School Superintendent Leonard E. Merrell, 36 letters from the community and a petition containing 318 signatures.

Census Demographics: The proposed site is located at approximately the 20000 block of Park Row Drive and the 1700 block of Snake River Road, Harris County. Demographics for the census tract (5424.00) include AMFI of $60,047; the total population is 5,916; the percent of the population that is minority is 50.24%; the percent of the population that is below the poverty line is 6.29%; the number of owner occupied units is 1,145; the number renter occupied units is 733 and the number of vacant units is 68. (FFIEC Geocoding for 2006)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in an amount not to exceed $15,000,000. 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 Bank of America, N.A. The Bonds will carry a AAA rating. Capmark Securities will underwrite the transaction using a debt coverage ratio of 1.15 amortized over 35 years. The term of the Bonds will be for 30 years. The construction and lease up period will be for 30 months with the option of two 6 month extensions. The initial interest rate on the Bonds will not exceed 6.0%.

Recommendation

Staff recommends the Board approve the issuance of up to $15,000,000 in tax-exempt Multifamily Housing Mortgage Revenue Bonds, Series 2007 and $1,137,297 in Housing Tax Credits for the Lancaster Apartments.

RESOLUTION NO. 06-050

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (LANCASTER APARTMENTS) SERIES 2007; 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 (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 and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental 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 (Lancaster Apartments) Series 2007 (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 (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 Lancaster Apartments, L.P., 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 July 28, 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 costs of acquiring, constructing and equipping 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 Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for by a Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); 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 (Texas) (the "Mortgage") from 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 Note and the Mortgage, will be assigned to the Trustee, as its interests may appear, and 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 an Official Statement (the "Official Statement") and to authorize the authorized representatives of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower, Capmark Securities Inc., or its successors and assigns (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 the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.15, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage and the Note, and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE,

BE IT RESOLVED BY THE 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 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 of the Department of the Indenture and the Bond Purchase Agreement; 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 $15,000,000; (iii) the final maturity of the Bonds shall occur not later than October 15, 2040; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

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

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

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

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

Section 1.7--Acceptance of the Mortgage and Note. That the forms 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 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 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 Governing Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director 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 - Mortgage
Exhibit G - Note
Exhibit H - Assignment

Exhibit I - Official Statement
Exhibit J - Asset Oversight Agreement

Section 1.13--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.14--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.15--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the 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. 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 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 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 Capmark Securities Inc., or its successors and assigns.

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 Regulatory Agreement.

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 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 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 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 14th day of December, 2006.

[SEAL]

By: _/s/ Elizabeth Anderson_______
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby_______
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Lancaster Apartments, L.P., a Texas limited partnership

Development: The Development is a 252-unit multifamily facility to be known as Lancaster Apartments and to be located at 20100 Park Row Drive, Harris County, Texas 77449. The Development will consist of 22 2-story and 2 3-story residential apartment buildings with approximately 260,674 net rentable square feet and an approximate average unit size of 1,034 square feet. The unit mix will consist of:

52	one-bedroom/one-bath units
112	two-bedroom/two-bath units
88	three-bedroom/two-bath units
252	Total Units

Unit sizes will range from approximately 718 square feet to approximately 1325 square feet.

The Development will include a clubhouse, equipped business center, a furnished fitness room, a game room/TV lounge, a community laundry room, kitchen facilities, and public telephone. On-site amenities will include a swimming pool, playground equipment, and a picnic area. All individual units will have washer/dryer connections, and each bedroom will have a ceiling fan. Additionally, the Development will include 252 garages and 200 or more uncovered parking spaces.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2006

Development Information, Public Input and Board Summary

Lancaster Apartments, TDHCA Number 060628

BASIC DEVELOPMENT INFORMATION

Site Address:	Approx. 20000 block of Park Row Dr & 1700 block of Snake R			Development #:	060628
City:	Katy	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77449	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:	Lancaster Apartments, L.P.	
Owner Contact and Phone	William D. Henson	(713) 334-5514
Developer:	Lancaster Developers, L.L.C.	
Housing General Contractor:	Lancaster 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	252	0	52	112	88	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:	$28,392,983
Number of Residential Buildings:	24
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:	$1,137,297	$1,137,297	0	0	0.00%
TDHCA Bond Allocation Amount:	$15,000,000	$14,250,000	35	30	6.22%
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

December 14, 2006

Development Information, Public Input and Board Summary

Lancaster Apartments, TDHCA Number 060628

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

US Representative: McCaul, District 10, NC

TX Representative: Callegari, District 132 O

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Robert Eckels, Judge, Harris County - 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.

Leonard E. Merrell, Ed. D., Superintendent, Katy ISD - O

Individuals/Businesses: In Support: **0** In Opposition **36**

Neighborhood Input:

General Summary of Comment:

Public Hearing: Concerns regarding increased strain on emergency services, increase in traffic congestion, no public transportation, the area will see a crime rate increase, the negative impact this development will have on the school district and the surrounding property values as well as the lack of background checks being performed on underage children that will reside in the property. There were also assertions made at the public hearing that several of the Applicant's other tax credit properties are not being maintained.
Number that attended: 239
Number that spoke: 26
Number in Support: 9
Number in Opposition: 220
Number Neutral: 10
Number of petition signatures: 318

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 commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing.

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.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

MULTIFAMILY FINANCE PRODUCTION DIVISION

December 14, 2006

Development Information, Public Input and Board Summary

Lancaster Apartments, TDHCA Number 060628

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

4% Housing Tax Credits: Credit Amount: $1,137,297

Recommendation: **Recommend approval of a Housing Tax Credit Allocation not to exceed $1,137,297 annually for ten years, subject to conditions.**

TDHCA Bond Issuance: Bond Amount: $14,250,000

Recommendation: **Recommend Approval of issuance of $14,250,000 in Tax Exempt Mortgage Revenue Bonds with a variable interest rate of 6.215% and repayment term of 30 years with a 35 year amortization period, subject to conditions.**

HOME Activity Funds: Loan Amount: $0

HOME CHDO Operating Expense Grant: Grant Amount: $0

Recommendation:

Lancaster Apartments

Estimated Sources & Uses of Funds

Sources of Funds	
Series 2007 Tax-Exempt Bond Proceeds	$ 14,250,000
Tax Credit Proceeds	10,855,819
Deferred Developer's Fee	3,073,631
GIC Income	394,844
Interim NOI	1,000,000
Total Sources	$ 29,574,294

Uses of Funds	
Acquisition and Site Work Costs	$ 5,171,108
Direct Hard Construction Costs	13,260,000
Other Construction Costs (General Require, Overhead, Profit)	2,242,450
Developer Fees and Overhead	3,295,822
Direct Bond Related	298,580
Bond Purchase Costs	569,129
Other Transaction Costs	4,633,110
Real Estate Closing Costs	104,095
Total Uses	$ 29,574,294

Estimated Costs of Issuance of the Bonds

Direct Bond Related	
TDHCA Issuance Fee (.50% of Issuance)	$ 71,250
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	28,500
TDHCA Bond Compliance Fee ($40 per unit)	10,080
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	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
Bond Amortization Analysis	30,000
Total Direct Bond Related	$ 298,580

Lancaster Apartments

Bond Purchase Costs	
LOC Origination Fee & Expenses	172,485
LOC Ongoing Fees	244,269
Underwriter's Discount	106,875
Underwriter's Counsel	30,000
Rating Agency	13,500
OS Printing/Mailing	2,000
Total Bond Purchase Costs	$ 569,129

Other Transaction Costs	
Tax Credit Related Costs	80,000
Construction Contingency	500,000
Soft Construction Costs	2,329,735
Construction Period Interest	1,110,000
Lease-Up Reserves	200,000
Interest Rate Cap	391,875
Miscellaneous	21,500
Total Other Transaction Costs	$ 4,633,110

Real Estate Closing Costs	
Title and Recording	104,095
Total Real Estate Costs	$ 104,095
Estimated Total Costs of Issuance	$ 5,604,914

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: December 1, 2006 **PROGRAM:** 4% HTC/MRB **FILE NUMBER:** 060628

DEVELOPMENT NAME

Lancaster Apartments

APPLICANT

Name:	Lancaster 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:	HFI Lancaster Development, LLC	**Title:**	0.01% Managing General Partner of Applicant
Name:	Lancaster Developers, LLC	**Title:**	Developer
Name:	Dwayne Henson Investments, Inc.	**Title:**	45% Owner of MGP and Developer
Name:	Resolution Real Estate Services, LLC	**Title:**	45% Owner of MGP and Developer
Name:	JR Mitchell, LLC	**Title:**	10% Owner of MGP and Developer
Name:	William & Laura Henson	**Title:**	70% Owner of Dwayne Henson Investments, Inc.
Name:	Pamela G. Henson	**Title:**	15% Owner of Dwayne Henson Investments, Inc.
Name:	Cheryl L. Henson	**Title:**	15% Owner of Dwayne Henson Investments, Inc.
Name:	J. Steve Ford & Cynthia Ford	**Title:**	100% Owner of Resolution Real Estate Services, LLC
Name:	James R. Mitchell	**Title:**	100% Owner of JR Mitchell, LLC

PROPERTY LOCATION

Location:	Approximately the 20000 block of Park Row and the 1700 block of Snake River Road		
City:	Katy	**Zip:**	77449
County:	Harris	**Region:**	6

☐ QCT ☒ DDA

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$1,137,297	N/A	N/A	N/A
MRB (Tax-Exempt)	$14,250,000	6.215%	35 yrs	30 yrs

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Family	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $14,250,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 6.215 AND REPAYMENT TERM OF 30 YEARS WITH A 35-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED

$1,137,297 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. 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;
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: 252 **# Res Bldgs** 24 **# Non-Res Bldgs** 1 **Age:** N/A yrs

Net Rentable SF: 260,674 **Av Un SF:** 1,034 **Common Area SF:** 5,441 **Gross Bldg SF:** 266,115

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 30% masonry veneer, 70% 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, 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 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 telephones available to tenants 24 hours a day, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 211 spaces **Carports:** 0 spaces **Garages:** 252 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Lancaster Apartments is a 16.5-unit per acre new construction development located in the western portion of Harris County approximately twenty-five miles west of the Houston Central Business District. The development is comprised of twenty-four evenly distributed garden style residential buildings as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2	3	12	10	0
9	2	0	10	0
8	2	2	0	8
1	2	8	2	0
2	2	0	0	3
2	2	2	0	9

The development includes a 5,441-square foot community building.

SITE ISSUES

SITE DESCRIPTION

Total Size:	15.287 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 sites are located on the northeast corner of Park Row and Snake River Road, with additional frontage on the north and south sides of Masters Manor Lane, in far west Harris County, Texas.

Adjacent Land Uses:

- **North:** a residential single-family subdivision immediately adjacent and vacant land beyond;
- **South:** Park Row immediately adjacent and vacant land and retail development beyond;
- **East:** Snake River Road immediately adjacent and vacant land and retail development beyond; and
- **West:** vacant land immediately adjacent and a post office and single and multifamily residential development beyond.

Site Access: Access to the property is from the east or west along Park Row or the north or south from Snake River Road. Access to Interstate Highway 10 is less than one mile south, which provides connections to all other major roads serving the Houston area.

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

Shopping & Services: Numerous single-tenant and small neighborhood retail centers are scattered throughout the neighborhood. Interstate Highway 10 has a significant amount of retail development. A Wal-Mart is located within close proximity to the subject on the opposite side of Park Row.

TDHCA SITE INSPECTION

Inspector:	Manufactured Housing Staff	**Date:**	11/8/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated October 13, 2006 was prepared by The Murillo Company Environmental Consultants and contained the following findings and recommendations:

Findings:

- **Noise:** "Based on aerial photographs, interview, and the site visit, a noise study is not recommended for the subject property." (amendment letter from the ESA provider dated November 15, 2006)
- **Floodplain:** "According to the Federal Emergency Management Act (FEMA) Flood Insurance Rate Map (FIRM) Panel Number 48201C0615 J (November 6, 1996), this subject property is located in Zone "X", areas determined to be outside the 500-year floodplain." (p. 15)
- **Asbestos-Containing Materials (ACM):** "The subject property is undeveloped land. There is no potential threat for asbestos containing materials of lead based paint to be present on the property." (p. 19)
- **Lead-Based Paint (LBP):** "The subject property is undeveloped land. There is no potential threat for asbestos containing materials of lead based paint to be present on the property." (p. 19)
- **Lead in Drinking Water:** "The local utility providing the drinking water meets current EPA

requirements for lead concentration." (p. 13 of Exhibit X-1)

- **Radon:** "According to the Environmental Protection Agency (EPA), Harris County Texas is in Federal EPA Radon Zone 3. Zone 3 is listed as a Low Potential Zone with an average level less than 2pCI/L. Contact with Texas Commission on Environmental Quality (TCEQ), and review of EPA files indicate that the Harris County area does not have the source material needed for radon to be produced and radon is not considered a major problem in the Harris County area." (p.19)

Recommendations: "Based upon The Murillo Company site investigation of the subject property, surrounding properties, regulatory agency records review and inquiries, interviews, and historical research, no direct evidence was found indicating recognized environment conditions exist at 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. To qualify as a Priority 2 Private Activity Bond allocation for a Qualified Residential Rental Project, the Applicant has elected to set-aside 100% of the units with rent and income restrictions at 60% of area median family income (§ 1372.0321). Two hundred and fifty-two of the units (100% of the total) 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 October 13, 2006 was prepared by Patrick O'Connor & Associates, LP ("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 subject's primary market is defined as a portion of that area within the following zip codes: a portion of 77084 and 77449. The approximate boundaries are: Interstate Highway 10 to the south, FM 529 to the north, Peek Road to the west, south, and Highway 6 to the east." (p. 25) This area encompasses approximately fifty square miles and is equivalent to a circle with a radius of four miles. The Property is situated in the far southern portion of the PMA less than one mile form the IH-10 boundary.

Population: The estimated 2006 population of the PMA was 82,570 and is expected to increase by 22.4% to approximately 101,101 by 2011. Within the primary market area there were estimated to be 26,825 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 93.32% (p. 75). The Analyst's income band of $23,520 to $39,540 (p. 70) results in an income renter eligible adjustment rate of 6.61% (p. 75). The Market Analyst indicates a turnover rate of 65% applies based on IREM's 2005 Income Expense Analysis Conventional Apartments report (p. 71)

In addition, the Market Analyst included demand from Section 8 voucher demand and other demand not accounted for. (p. 72-73)

MARKET DEMAND SUMMARY				
	Market Analyst		**Underwriter**	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	69	5.7%	91	5.5%
Resident Turnover	1,076	88.5%	1,417	85.8%
Other Sources: Section 8	70	5.8%	70	8.7%
TOTAL DEMAND	**1,215**	**100%**	**1,578**	**100%**

p. 75

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 20.74% based upon 1,215 units of demand and 252 unstabilized affordable housing in the PMA (including the subject) (p. 81). The Underwriter calculated an inclusive capture rate of 16% based upon a revised demand estimate for 1,578 affordable units.

Unit Mix Conclusion: "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." (p. 11)

Market Rent Comparables: The Market Analyst surveyed five comparable apartment projects totaling 1,571 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$598	$598	$0	$745 to $780	-$147 to -$182
2-Bedroom (60%)	$718	$718	$0	$865 to $905	-$147 to -$187
3-Bedroom (60%)	$818	$818	$0	$1,215 to $1,270	-$397 to -$452

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

Primary Market Occupancy Rates: "The occupancy of the comparable rentals included in this study range from 92 %to 96%, with a median occupancy of 93.60%. The average occupancy for apartments in the subject's primary market area was reported at 92.50% in the most recent O'ConnorData.com survey (October 2006)." (p. 42)

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 twelve months following completion." (p. 82)

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 Katy/Far West Submarket #32 within the Houston MSA. According to the Department market study; there are a negative five units of demand for one-bedroom units at the 60% income level; a negative 6 units of demand for two-bedroom units at the 60% income level; and a negative two units of demand for three-bedroom units at the 60% income level (p. III-1256 Vogt Williams & Bowen)

This information is inconsistent with the demand conclusions of the market study submitted with the Application. The Underwriter requested additional information from the Market Analyst to explore these differences. In a follow-up analysis dated November 11, 2006 the Market Analyst indicated the following concerns with the study commissioned by the Department:

- 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. An analysis of this issue is included in the addenda of this response.
- Vogt Williams methodology does not conform to 2006 QAP
- Vogt Williams study surveyed less than 40% of the complexes within the submarket
- Vogt Williams study reported that 32.0% of the households within the PMA are rent-overburdened, but does nothing to address this problem
- Numerous minor errors in project names, number of units, status (tax credit or market, or senior versus family) which diminish the confidence level in conclusions. Example:
    - Number of households is stated to be 53,402 on pages III-1229 and other pages; whereas it is shown to be 65,082 on page III-1231 and other pages.
- This is only an example of the significant number of minor errors and inconsistencies within the report

- The study showing negative demand at the 41% to 60% AMI level ranging from 144 to 160 units annually for the ears 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 September 29, 2006, provided by Cirro Energy and Houston Housing Authority, from the 2006 program gross rent limits. Tenants will be required to pay electric, water, and sewer costs. The Applicant's vacancy and collection loss assumption of 7.5% meets current Department guidelines. The Applicant's estimate of secondary income of $15 per unit per month is within the underwriting guidelines. As a result the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,900 per unit is within 5% of the Underwriter's estimate of $4,048 derived from the TDHCA database and third party sources. The Applicant's budget shows one line item estimate, however, that deviates significantly when compared to the Underwriter's estimate; property tax is $24.3K lower.

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. The Applicant's Year 1 proforma and the proposed permanent financing structure result in a debt coverage ratio (DCR) of 1.10, meeting the Department's current minimum DCR requirement. A permanent loan underwriting rate of 6.215% was used by the Underwriter in the analysis which was the same rate used by the lender Capmark Finance, Inc.

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: (15.287) acres	$1,410,270	**Assessment for the Year of:**	2006
Tax Rate:	3.07127	**Valuation by:**	Harris County Appraisal District

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (15.287 acres)		
Contract Expiration:	12/31/2006	**Valid through Board Date?**	☒ Yes ☐ No
Acquisition Cost:	$2,663,608	**Other:**	$35,000 earnest money
Seller:	CCD-Park Row No.1 Ltd. & CCD-Park Row No.2 Ltd	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $174,240 per acre or $10,570 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant claimed sitework costs over the Departments 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 all of the total $2,447,500 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 $243K or 1.8% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by a total of $31,500 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 $33K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount. It should be noted, the Applicant claimed eligible housing consultant fees of $70K, which the Underwriter included in total developer fees limited to 15% of all other eligible costs.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $24,509,732, adjusted for overstated fees, supports annual tax credits of $1,143,869. 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 Securities, Inc. **Contact:** Lloyd Griffin

Tax-Exempt: $14,250,000 **Interest Rate:** 6.215%, lender's estimate **Amort:** 420 months

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

Comments: Weekly variable rate

TAX CREDIT SYNDICATION

Source: Boston Capital Partners **Contact:** Ryan Zebro

Proceeds: $10,855,819 **Net Syndication Rate:** 91.65% **Anticipated HTC:** $1,184,605/year

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

Comments:

OTHER

Amount: $2,367,190 **Source:** Deferred Developer Fee

Amount: $1,200,000 **Source:** Construction Period Interest/GIC Income

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and privately placed by Capmark Securities, Inc. The permanent financing commitment is consistent with the terms reflected in the original sources and uses of funds listed in the application. The development qualifies as a Priority 2 Private Activity Bond transaction because it is at least 51 percent financed by tax-exempt private activity bonds (§ 1372.0321, Texas Government Code). A permanent loan underwriting rate of 6.215% was used by the Underwriter in the analysis which was the same rate used by the lender Capmark Finance, Inc. The loan will be structured as a variable rate loan which at the present time would equal the most recent Bond Market Association Index ("BMA") rate of 3.63% plus the stack rate of 1.215% and FNMA's traditional cushion of 2.00% would demand an underwriting rate of 6.848%. The Stack is composed of FNMA Guaranty 0.40%; FNMA Servicing 0.40%; FNMA Liquidity 0.15%; Issuer (TDHCA) 0.10%; Trustee 0.04%; and, Remarketing 0.125%. It is often suggested that the FNMA cushion is overly aggressive in the early years of a transaction since none of this cushion is part of the real rate experienced by the project which will be in the area of 4.85%. It should also be noted that the BMA rate remained below 5% for the last 15 years.

While the trend for this rate has reflected an increase over the last 12 months the moderate term history would suggest that BMA rate should continue to provide a net interest rate savings to the development which will allow the deferred developer fee to be repaid quicker than projected in this analysis. In addition the Applicant has indicated that cap will be purchased to limit the underlying variable interest rate to 6% and it is anticipated that this rate will be guaranteed for at least 15 years. Alternatively the Applicant has suggested that a lower cap may be purchased for the first five years with a structure to fund future caps to further limit the interest rate exposure in the first five years. The maximum long term rate with the 6% cap would be 7.10% (the remarketing fee not be required if the strike rate on the cap is met).

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 included $1,000,000 in proceeds from construction earning period and $200,000 in anticipated income from investment of the bond proceeds in a guaranteed investment contract (GIC) during the construction phase. This amount will be added to the proposed deferred developer's fees for a total of $3,567,190 or 116% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $14,250,000 indicates the need for $14,142,983 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,543,306 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,137,297), the gap-driven amount ($1,543,306), and eligible basis-derived estimate ($1,143,869), the Applicant's request of $1,137,297 is recommended resulting in proceeds of $10,422,285 based on a syndication rate of 91.65%.

The Underwriter's recommended financing structure indicates the need for $3,720,698 in additional permanent funds. Deferred developer and contractor fees in this amount do not appear to be repayable from development cash flow within ten years of stabilized operation, but appear to be repayable within 15 years. Receipt, review and acceptance of a commitment by the general contractor to defer fees as necessary is a condition of this report. As discussed above the real interest rate experienced by the development will at least initially allow this deferred developer fee to be repaid quicker than projected in this report and if the current actual rate remained fixed for the first ten years of the projects life the deferred developer fee would be repayable within that timeframe.

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 45% owner of the 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, $1.1M in accounts receivables, $9M in notes receivables, $2.6M in investments in partnerships, and $15.7K in depreciable assets. Liabilities totaled $281K, resulting in a net worth of $13.2M.
- The 45% owner of the General Partner, Resolution Real Estate Services, LLC, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $4M and consisting of $255K in cash, $3.6M in accounts receivables, $75K in stocks and bonds, and $25K in machinery. Liabilities totaled $110K, resulting in a net worth of $3.8M.
- The principals of the General Partner, Dwayne Henson Investments, Inc., Pamela, William, Laura and Cheryl Henson submitted unaudited financial statements as of July 31, 2006. The Principals of the General Partner, Resolution Real Estate Services, LLC, J. Steve & Cynthia Ford submitted an unaudited statement as of July 31, 2006. The principals 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.
∉ An increase in the variable interest rate on the permanent debt could adversely affect the development's DCR and cash flow.

Underwriter:	*Carl Hoover*	**Date:**	December 1, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	December 1, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 1, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Lancaster Apartments, Katy, 4% HTC/MRB #060628

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%)	24	1	1	718	$686	$598	$14,352	$0.83	$88.00	$13.31
TC (60%)	2	1	1	727	686	$598	1,196	0.82	88.00	13.31
TC (60%)	2	1	1	765	686	$598	1,196	0.78	88.00	13.31
TC (60%)	4	1	1	773	686	$598	2,392	0.77	88.00	13.31
TC (60%)	20	1	1	788	686	$598	11,960	0.76	88.00	13.31
TC (60%)	10	2	2	962	823	$718	7,180	0.75	105.00	13.31
TC (60%)	14	2	2	980	823	$718	10,052	0.73	105.00	13.31
TC (60%)	8	2	2	982	823	$718	5,744	0.73	105.00	13.31
TC (60%)	8	2	2	989	823	$718	5,744	0.73	105.00	13.31
TC (60%)	12	2	2	999	823	$718	8,616	0.72	105.00	13.31
TC (60%)	14	2	2	1,008	823	$718	10,052	0.71	105.00	13.31
TC (60%)	4	2	2	1,009	823	$718	2,872	0.71	105.00	13.31
TC (60%)	28	2	2	1,025	823	$718	20,104	0.70	105.00	13.31
TC (60%)	14	2	2	1,037	823	$718	10,052	0.69	105.00	13.31
TC (60%)	20	3	2	1,210	951	$818	16,360	0.68	133.00	13.31
TC (60%)	36	3	2	1,234	951	$818	29,448	0.66	133.00	13.31
TC (60%)	20	3	2	1,239	951	$818	16,360	0.66	133.00	13.31
TC (60%)	4	3	2	1,285	951	$818	3,272	0.64	133.00	13.31
TC (60%)	8	3	2	1,325	951	$818	6,544	0.62	133.00	13.31
TOTAL:	252		AVERAGE:	1,034	$839	$728	$183,496	$0.70	$111.27	$13.31

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	260,674						Comptroller's Region	6
POTENTIAL GROSS RENT					$2,201,952	$2,201,952		IREM Region	Houston
Secondary Income		Per Unit Per Month:	$15.00		45,360	45,360	$15.00	Per Unit Per Month	
Other Support Income: (describe)					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$2,247,312	$2,247,312			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(168,548)	(168,552)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$2,078,764	$2,078,760			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.52%	$373	0.36	$94,000	$82,500	$0.32	$327	3.97%
Management		3.60%	297	0.29	74,862	103,938	0.40	412	5.00%
Payroll & Payroll Tax		11.59%	956	0.92	240,886	226,935	0.87	901	10.92%
Repairs & Maintenance		5.26%	434	0.42	109,439	96,500	0.37	383	4.64%
Utilities		2.46%	203	0.20	51,226	35,700	0.14	142	1.72%
Water, Sewer, & Trash		2.71%	223	0.22	56,320	67,000	0.26	266	3.22%
Property Insurance		3.83%	316	0.31	79,600	80,679	0.31	320	3.88%
Property Tax	3.07127	11.17%	921	0.89	232,188	207,900	0.80	825	10.00%
Reserve for Replacements		2.42%	200	0.19	50,400	50,400	0.19	200	2.42%
Other: compl fees		1.50%	124	0.12	31,248	31,248	0.12	124	1.50%
TOTAL EXPENSES		49.08%	$4,048	$3.91	$1,020,169	$982,800	$3.77	$3,900	47.28%
NET OPERATING INC		50.92%	$4,201	$4.06	$1,058,595	$1,095,960	$4.20	$4,349	52.72%
DEBT SERVICE									
Capmark Securities, Inc.		48.10%	$3,968	$3.84	$999,838	$999,723	$3.84	$3,967	48.09%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		2.83%	$233	$0.23	$58,757	$96,237	$0.37	$382	4.63%
AGGREGATE DEBT COVERAGE RATIO					1.06	1.10			
RECOMMENDED DEBT COVERAGE RATIO						1.10			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		9.27%	$10,570	$10.22	$2,663,608	$2,663,608	$10.22	$10,570	9.38%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.51%	9,712	9.39	2,447,500	2,447,500	9.39	9,712	8.62%
Direct Construction		46.66%	53,224	51.45	13,412,541	13,169,000	50.52	52,258	46.38%
Contingency	3.15%	1.74%	1,984	1.92	500,000	500,000	1.92	1,984	1.76%
General Req'ts	5.99%	3.31%	3,772	3.65	950,490	950,490	3.65	3,772	3.35%
Contractor's G & A	2.00%	1.10%	1,257	1.22	316,830	316,830	1.22	1,257	1.12%
Contractor's Profit	5.99%	3.31%	3,772	3.65	950,490	950,490	3.65	3,772	3.35%
Indirect Construction		3.80%	4,333	4.19	1,092,000	1,092,000	4.19	4,333	3.85%
Ineligible Costs		3.32%	3,790	3.66	955,119	955,119	3.66	3,790	3.36%
Developer's G & A	2.28%	1.71%	1,950	1.88	491,326	491,326	1.88	1,950	1.73%
Developer's Profit	12.69%	9.53%	10,868	10.51	2,738,620	2,738,620	10.51	10,868	9.65%
Interim Financing		6.67%	7,611	7.36	1,918,000	1,918,000	7.36	7,611	6.76%
Reserves		1.08%	1,232	1.19	310,583	200,000	0.77	794	0.70%
TOTAL COST		100.00%	$114,076	$110.28	$28,747,107	$28,392,983	$108.92	$112,671	100.00%
Construction Cost Recap		*64.63%*	***$73,722***	***$71.27***	***$18,577,851***	***$18,334,310***	***$70.33***	***$72,755***	*64.57%*

SOURCES OF FUNDS

						RECOMMENDED	
Capmark Securities, Inc.	49.57%	$56,548	$54.67	$14,250,000	$14,250,000	$14,250,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$3,196,922
HTC Syndication Proceeds	36.79%	$41,967	$40.57	10,575,793	10,575,793	10,422,285	% of Dev. Fee Deferred
Deferred Developer Fees	12.41%	$14,156	$13.68	3,567,190	3,567,190	3,720,698	116%
Additional (Excess) Funds Req'd	1.23%	$1,405	$1.36	354,124	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$28,747,107	$28,392,983	$28,392,983	$4,005,201

Lancaster Apartments, Katy, 4% HTC/MRB #060628

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$49.03	$12,780,980
Adjustments				
Exterior Wall Finish	2.40%		$1.18	$306,744
9-Ft. Ceilings	3.00%		1.47	383,429
Roofing			0.00	0
Subfloor			(1.12)	(291,955)
Floor Cover			2.22	578,696
Porches/Balconies	$19.79	25,200	1.91	498,582
Plumbing	$680	616	1.61	418,880
Built-In Appliances	$1,675	252	1.62	422,100
Exterior Stairs	$1,900	8	0.06	15,200
Interior Stairs	$1,485.00	114	0.65	169,290
Heating/Cooling			1.73	450,966
Garages	$18.82	50,400	3.64	948,528
Comm &/or Aux Bldgs	$62.87	5,441	1.31	342,089
Other:			0.00	0
SUBTOTAL			65.31	17,023,530
Current Cost Multiplier	1.07		4.57	1,191,647
Local Multiplier	0.90		(6.53)	(1,702,353)
TOTAL DIRECT CONSTRUCTION COSTS			$63.35	$16,512,824
Plans, specs, survy, bld prm	3.90%		($2.47)	($644,000)
Interim Construction Interes	3.38%		(2.14)	(557,308)
Contractor's OH & Profit	11.50%		(7.28)	(1,898,975)
NET DIRECT CONSTRUCTION COSTS			$51.45	$13,412,541

PAYMENT COMPUTATION

Primary	$14,250,000	Amort	420
Int Rate	6.215%	DCR	1.06

Secondary	$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.06

Additional	$10,575,793	Amort	
Int Rate		Aggregate DCR	1.06

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NC

Primary Debt Service	$999,838
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$96,122

Primary	$14,250,000	Amort	420
Int Rate	6.215%	DCR	1.10

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$10,575,793	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

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

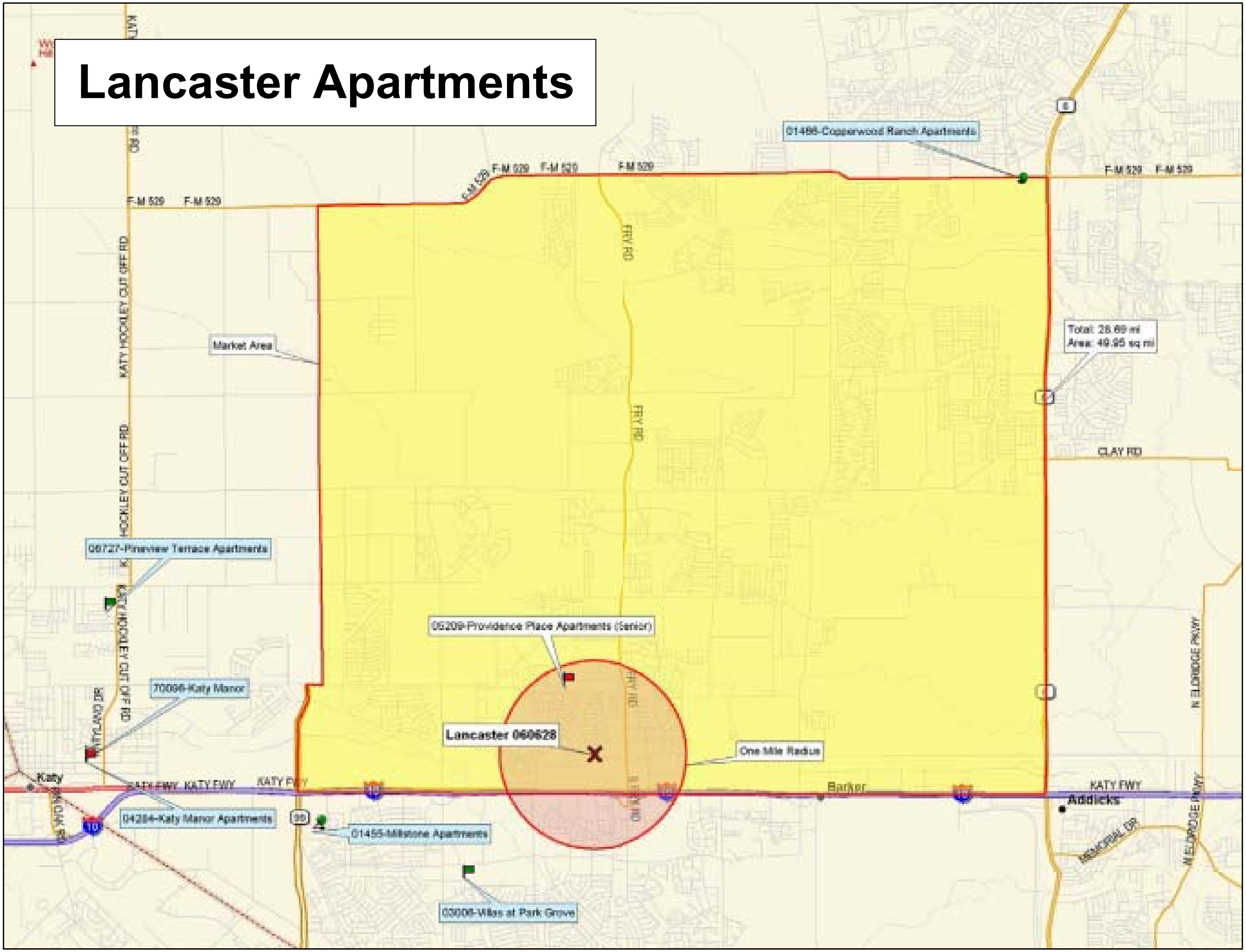
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,201,952	$2,268,011	$2,336,051	$2,406,132	$2,478,316	$2,873,048	$3,330,650	$3,861,136	$5,189,044
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,247,312	2,314,731	2,384,173	2,455,698	2,529,369	2,932,232	3,399,261	3,940,675	5,295,938
Vacancy & Collection Loss	(168,552)	(173,605)	(178,813)	(184,177)	(189,703)	(219,917)	(254,945)	(295,551)	(397,195)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,078,760	$2,141,127	$2,205,360	$2,271,521	$2,339,667	$2,712,315	$3,144,316	$3,645,125	$4,898,743
EXPENSES at 4.00%									
General & Administrative	$82,500	$85,800	$89,232	$92,801	$96,513	$117,423	$142,863	$173,815	$257,289
Management	103,938	107056.325	110268.0152	113576.0556	116983.3373	135615.75	157215.8231	182256.2278	244937.1297
Payroll & Payroll Tax	226,935	236,012	245,453	255,271	265,482	322,999	392,978	478,118	707,731
Repairs & Maintenance	96,500	100,360	104,374	108,549	112,891	137,350	167,107	203,311	300,950
Utilities	35,700	37,128	38,613	40,158	41,764	50,812	61,821	75,215	111,336
Water, Sewer & Trash	67,000	69,680	72,467	75,366	78,381	95,362	116,022	141,159	208,950
Insurance	80,679	83,906	87,262	90,753	94,383	114,831	139,710	169,978	251,610
Property Tax	207,900	216,216	224,865	233,859	243,214	295,907	360,016	438,014	648,368
Reserve for Replacements	50,400	52,416	54,513	56,693	58,961	71,735	87,276	106,185	157,180
Other	31,248	32,498	33,798	35,150	36,556	44,476	54,111	65,835	97,452
TOTAL EXPENSES	$982,800	$1,021,073	$1,060,845	$1,102,176	$1,145,128	$1,386,510	$1,679,120	$2,033,886	$2,985,801
NET OPERATING INCOME	$1,095,960	$1,120,054	$1,144,515	$1,169,345	$1,194,539	$1,325,805	$1,465,196	$1,611,239	$1,912,941
DEBT SERVICE									
First Lien Financing	$999,838	$999,838	$999,838	$999,838	$999,838	$999,838	$999,838	$999,838	$999,838
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	$96,122	$120,216	$144,677	$169,507	$194,701	$325,966	$465,358	$611,400	$913,103
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.17	1.19	1.33	1.47	1.61	1.91

HTC ALLOCATION ANALYSIS -Lancaster Apartments, Katy, 4% HTC/MRB #060628

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	$2,663,608	$2,663,608		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$2,447,500	$2,447,500	$2,447,500	$2,447,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$13,169,000	$13,412,541	$13,169,000	$13,412,541
(4) Contractor Fees & General Requirements				
Contractor overhead	$316,830	$316,830	$312,330	$316,830
Contractor profit	$950,490	$950,490	$936,990	$950,490
General requirements	$950,490	$950,490	$936,990	$950,490
(5) Contingencies	$500,000	$500,000	$500,000	$500,000
(6) Eligible Indirect Fees	$1,092,000	$1,092,000	$1,092,000	$1,092,000
(7) Eligible Financing Fees	$1,918,000	$1,918,000	$1,918,000	$1,918,000
(8) All Ineligible Costs	$955,119	$955,119		
(9) Developer Fees			$3,196,922	
Developer overhead	$491,326	$491,326		$491,326
Developer fee	$2,738,620	$2,738,620		$2,738,620
(10) Development Reserves	$200,000	$310,583		
TOTAL DEVELOPMENT COSTS	$28,392,983	$28,747,107	$24,509,732	$24,817,797

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		$24,509,732	$24,817,797
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$31,862,651	$32,263,136
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$31,862,651	$32,263,136
Applicable Percentage		3.59%	3.59%
TOTAL AMOUNT OF TAX CREDITS		$1,143,869	$1,158,247
Syndication Proceeds	**0.9164**	**$10,482,513**	**$10,614,268**
Total Tax Credits (Eligible Basis Method)		**$1,143,869**	**$1,158,247**
Syndication Proceeds		**$10,482,513**	**$10,614,268**
Requested Tax Credits		**$1,137,297**	
Syndication Proceeds		**$10,422,285**	
Gap of Syndication Proceeds Needed		**$14,142,983**	
Total Tax Credits (Gap Method)		**$1,543,306**	

Street Atlas USA® 2004 Plus



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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

LANCASTER APARTMENTS

PUBLIC HEARING

Wednesday, November 8, 2006
Sundown Elementary School
20100 Saums Road
Katy, Texas

PRESIDING:

SHANNON ROTH

I N D E X

Question-and-Answer Session 82

P R O C E E D I N G S

MS. ROTH: **Okay. First of all, I would like to just introduce myself. My name is Shannon Roth, and I am with the Texas Department of Housing and Community Affairs. The role of the Department this evening in this process is to allow for all interested persons in our community the opportunity to provide comments on the development that we will be discussing this evening.**

So we are going to go ahead and start this public hearing for Lancaster Apartments. The format for this evening's hearing is going to be as follows. First I am going to present the program the developer has applied for. Second, a member of development team will be giving a presentation on the specifics of the development.

And then I am going to read a speech that is required by the Internal Revenue Service. At the conclusion of the speech, I am going to open the floor for public comment.

Those of you who have filled out one of our witness affirmation forms, at that time, I will call your name. You can come up and make your comments. And at the end of the comments, then we will take questions and answers.

There are handouts for you on the back table that you saw as you came in. They include development

specifics, like the income levels and also there is a handout that details the input, the deadline for the input and how to submit the input to us, your input to us. There are also 3 x 5 cards back there that have our contact information.

Okay. If you would like to speak, there are witness affirmation forms on the back table also. Please fill one out and give it to one of the TDHCA staff members that are here this evening. There are sign in sheets back there on the back table. You saw them when you came in.

Please be sure you did sign in. That is the only way we know exactly how many people are in attendance this evening.

Also, there is columns for you to check on the far right hand side of that sign in sheet, to indicate whether you are here in support or opposition of the development. If neither box is checked, then we will consider you as being neutral. So please be sure you do check the box that is appropriate for you.

The entire hearing and all of its comments made this evening will be transcribed by our court reporter. It is important that you make your comments here at the microphone, so she can record your comments. Any comments and questions that are made, that are kind of yelled down the audience, don't. She won't be able to pick them up on the recorder, and therefore, they won't be transcribed.

Let's see, to allow everyone the opportunity to speak, we will answer any questions or concerns that are raised at the end, after all the public comment has been made. I am asking the developer and his development team to keep a list of all the questions that come up, as it relates to the development. And I will keep a list of the questions that come up as it relates to the department and our role.

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 are not required to do that, but we want the community input, and want to be sure that your voice is heard. TDHCA also schedules the hearing, the public hearing where the development is to be located, at a time and location that is convenient for the community.

The two programs that the developer has applied for include the Private Activity Bond Program, and the housing tax credit program. Both programs are created by the federal government to encourage private industry to build quality housing that is affordable to individuals and families with lower than average income.

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 we place on the property to the developer. Therefore, the developer can build a market rate property at a lower cost.

The Housing Tax Credit Program was created as a result of the Tax Reform Act of 1986.

The housing tax credit is a credit or reduction in tax liability each year for ten years for investors in affordable rental housing. By providing a credit against the tax liability, the housing tax credit is an incentive for individuals and corporations to invest in the construction or rehabilitation of housing for low-income families. The housing tax credit provides equity to the development, lowers the building costs, which allows the developer to provide lower rents to affordable tenants.

In conclusion, both of these programs, with both of these programs the tax benefit goes to the investors to help finance the development. The two programs result in the developer being able to get to build the opportunity of something of high quality to your area. And all the properties are privately owned and privately managed.

There are ongoing oversight and responsibilities between the affordable housing developments and the Department. This includes a regular monitoring to ensure the development is complying with the rules and the housing tax credit and the Private Activity Bond Program. The term the developments will be monitored for is the greater of 30 years or as long as the bonds are outstanding.

Oversight responsibilities includes units are occupied by eligible households. The physical appearance of the property. Rents are capped at appropriate levels, and repair and reserve accounts are established and funded.

Tenant background checks, criminal, credit, et cetera are established by the developer, and would apply to all tenants equally. The developer can establish procedures up to and including eviction for various reasons consistent with state eviction laws that would be applicable to any other complex. TDHCA does not set these requirements.

In addition, the Department monitors development every two years. Those reviews are done quarterly by the Department and are a modified version of an onsite visit. The Department verifies that the set-asides are met, and that the tenant, the units and income are restricted. After a lease-up, a survey is usually done to determine the tenant profile and the types of services that would be of interest to the tenant.

These services can include tutoring our honor roll program, computer access, educational classes, after school activities, summer camps, health care screening, immunizations for school children, ESL classes, GED certification, financial planning, credit counseling, down payment assistance. It is important to note that all or most individuals begin in multifamily housing as a first step to home ownership.

Therefore, some developers could choose to provide down payment assistance classes to help educate the tenants on the steps they can take towards home ownership. So now, I would like to call up a member of the development team to give a brief presentation on the development specifics.

MS. ANDERSON: Thank you. Let’s see. Thank you. My name is Sarah Anderson, and I do represent the development team. And I would like to thank everyone for coming out. I know that it is asking a lot. It has been a busy election season, and folks getting out. And so I would like to thank you in advance for coming out.

We are going to do a very brief presentation of the programs. Since you have heard a lot of the details of the general program, and then we are going to do a description of this particular property. And then we are going to move along to public comment, because that is what you are here for. So if you will go ahead and go to the next slide, let me get out of the way here.

Okay. First of all, I would I would like to go back to what it is exactly we are looking to do here. I spoke with some people earlier when I came in. And I heard a lot of comments and questions about whether or not this was public housing.

And I would like to begin by stating, reiterating and stating again, that this is not public housing that we are looking to do here. This is not Section 8 housing. This is not a HUD project.

This is, as it was explained by the Department, this is a public-private partnership, where the funding,

while it is enabled by the federal government, and allocated by the State, private investors float the bonds, back the bonds, and the developer does the development. This is not the Government.

The reason why this program was created is because the Government is not necessarily the best builder and manager of the property. And the belief was that private investors, and private developers could do this better than the Government. What you will end up with is, ultimately a Class A property, very similar.

I would like to point out that actually the property that is next door was funded by the same program or a similar program. And hopefully, you got a chance to take a look at it. It is high quality. You would never know the difference between that and any other multifamily property.

Basically, what the benefit as far as the funding that comes in, the tax-exempt nature and the funding source allows the developer to charge lower rents than what they could do traditionally through market rate programs.

So what we have is a classic property with rents that could be anywhere from $100 less, $150 less than market rate. The rents are capped by the federal government and set. And they assume that affordable is that it is considered to be, when somebody pays 30 percent, no more than 30 percent of their income on their housing costs.

So the rents that are set for us take that into account, and are set by the federal government. But again, the affordability is that the rents are a little bit lower, and the people can afford that aren't spending more than 30 percent of their income. Would you go ahead and change the slide?

Right here we have the location property. It is at the corner of Park Row and Snake River Road. There is the road that cuts through; we are looking to build on both sides of the cut-through street.

VOICE: Masters Manor.

MS. ANDERSON: Yes, Masters Manor.

And we would be building on both sides. And please note that both sides of the property would have security gates and limited-access entrance on both sides of the property.

Again, as we go back to the incomes, now the affordability in the program states that there is a limit on what people can make where you can live there. And this particular program says they cannot make more than 60 percent of the median income. And median income means half make above, half make below.

In this case, you are talking ultimately, statistically speaking, 30 percent of the people in the community actually fall within this income range. The median income for Harris County as determined by the federal government is considered $60,900.

And again, these formulas are determined by the federal government. Go ahead and change it. In particular, the rents that we are looking to propose for this property are as listed up here. You can also tell that we are looking to do the number of ones, twos, and three bedrooms.

And again, on the quality of the construction, when I say, first of all, that 100 percent masonry doesn't mean 100 percent brick exterior. It is generally brick and Hardiplank, which is considered by the funding allocating agency to be a masonry. So we we'll have the quality exteriors.

Every unit will have a garage. The majority of them will have direct access into the units from their garage. For some of the three story units, the garages may be separate. But everybody does get a one car garage. There will be full perimeter fencing with security access, fully sprinkled buildings, energy efficient materials, Energy Star appliances and fans in all the bedrooms.

There will be a separate clubhouse, approximately around 4,000 square feet, which will be for use of the tenants. This property will have a pool, with the clubhouse. In addition, there will be a pool on the second, on the north site also. So there will be two pools.

The support services and the services programs for the tenants are generally held at the clubhouse. And this will include facilities where they can hang out. You have usually a computer room, a business center for adults. You have rooms for the children, so that can have access to computers and other facilities for the mentoring programs that they will provide.

Additional items that go with the property, we do provide playscapes for the children. We provide, we put computer and business centers for the property. As far as management, there was a brief opening from the State about the management.

And I would like to also bring up that in addition to state oversight of the property, there is also oversight from the investors and lenders. And we obviously have onsite management also, at the property. Now tenant screening is very important, as you would imagine.

We actually have people from the management company that I would like to get up and speak real quick. We have someone from another property developed by the developer. It is about two miles down the road called Millstone.

And our representative is actually a manager and lives at the property. And she is going to go over the tenant screening for you real quick.

MS. CAMPBELL: My name is Kiki Campbell. I have lived at Millstone Apartments right down there for three and a half years. I moved in two months after it opened, and I am now currently the manager. I would like to let you know that the screening process is very intricate. We go through criminal background checks, nationwide. The credit checks come up. We also do rental.

We do not allow any felonies, and we do not allow any misdemeanors that are assault, violent crimes. We do not allow any of that. We do not even allow it in a rental. So we go through that. And we also check their employment. Excuse me?

VOICE: [inaudible].

MS. CAMPBELL: Correct. We do exclude that, and that is up to the management's discretion. And we do -- this is Pam.

VOICE: [inaudible] felony conviction.

MS. McGLASHER: I am sorry about that. Felony convictions, it doesn't matter what the felony is. It does not matter when the felony occurred. They are not allowed in the community. They are denied access to the community. If it is a misdemeanor, then it is acceptable.

VOICE: [inaudible].

MS. McGLASHER: Yes, sir. Every single person who is over the age of 18. They are contracted. They have to sign the contract.

MS. ANDERSON: If you could hold your questions until the end, we are going to do a question and answer period. If we could just get through their presentation, and then get through public comment, we will open it up for question and answer.

MS. CAMPBELL: Now, what she is going around here to say, that we do -- they must be employed. The work verification, we do two verifications, so that we can verify they are under the limits. You know, the limits for one person, $25,620; for two people -- and then it goes on. Actually it was explaining about the maximum income for the median.

MS. ANDERSON: And also the people from the management company will be here. They will stay; they will answer questions as we get into the question and answer, and more specifics, and will be here at the one on one after it is all set. So we can go ahead.

Now let's go on back to something that I know a lot of people have been asking questions on. We have two different numbers up here. The estimates that are on top are actually based on, it is with the demographer that works for the Katy school district. These are numbers that are generally used when they are looking at multifamily and single-family and trying to look at the impact on the schools.

These are some of the top numbers are assumptions that the demographers make related to the school. Now below, we have from our property that is down the street, that these are actuals. And so there is a difference between what the demographers believe might be coming in, and what we have in the other property.

What we have in the other property is a little bit higher than what the demographers estimate. So in the interest of understanding what the potential impact on the schools could be, at the same time, you know, there is just no way to know exactly what the impact on the school will be.

And again, the developer, we have Steve Ford and [inaudible]. The developer will get up and answer questions, later, once we get into the question and answer session. We again would like to thank everyone for coming out, and let's go ahead and get going.

MS. ROTH: Okay. I am going to go ahead and read the speech that is required for IRS purposes. After I read the speech, I am going to go through the list of witness affirmation forms that you have, and I will call you up to speak. We are going to limit everyone to two minutes this evening.

If I call your name, and you have decided that you wouldn’t like to speak any longer, you can just state that you decline and we’ll move on to the next person. After everyone is done with public comment, then we will have a question and answer, where the developer, management, and the Department will be up here, and we can answer questions.

And again at that time, we ask that you do, one at a time, come up to the microphone and state your name and speak up here at the microphone. That way we can be sure that the court reporter can get it on the record.

Good evening, my name is Shannon Roth. I would like to proceed with the public hearing. Let the record show that it is 6:40 p.m. Wednesday, November 8, 2006. We are at the Sundown Elementary School located at 20100 Saums Road in Katy, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to the issuance of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond 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 December 14, 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 December 4, 2006.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed $15 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer.

The proceeds of the bonds will be loaned to Lancaster Apartments, L.P., or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing, and equipping a multifamily rental housing community described as follows. A 252 unit multifamily residential rental development to be constructed on approximately 15.29 acres of land, located at approximately the 20000 block of Park Row and the 1700 block of Snake River Road, Harris County, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate entity thereof. I now would like to open the floor for public comment. When I call your name, if you would come up to the podium and state your name for the record, and speak into the microphone.

VOICE: If you want to ask questions, and you want them to be on the public record, do you ask them now, or do you wait until later?

MS. ROTH: The question is, should you ask your questions now, when you come up for your public comment. If you ask your question now when you come up for the public comment, we'll probably jot it down.

If it is a Department question that we can answer, or the developer will try to jot it down if they can answer it. And then we'll answer it at that time. But we will come back at the end, after all the public comments have been made, and we open the floor for question and answer, we'll try to get down those. Or you can hold your questions until that time.

VOICE: That last slide that was up on the screen that had developer information, I was jotting that down. Could you all please put that back up on the screen?

MS. ROTH: I believe so. The whole meeting will be public record. The court reporter is not going to stop recording the meeting. Everything will be a matter of public record. The court reporter is going to record.

VOICE: So we can wait until the question and answer [inaudible].

MS. ROTH: Yes, ma'am. If you would like to.

VOICE: [inaudible].

MS. ROTH: Yes, ma'am. We are going to record the entire time.

VOICE: Thank you.

MS. ROTH: We would appreciate it if you would make the comment to the court reporter. She is the one recording.

VOICE: Okay.

MS. ROTH: Okay we are going to start with Representative Callegari.

MR. CALLEGARI: Which one is the right one here. Okay. My name is State Representative Bill Callegari. I appreciate the opportunity to speak before this hearing.

I first want to say that my comments are not directed against the affordable housing program, per se, or no reflection on the developer himself. Just comments that reflect my concerns that I have, and that I have reflected from the community. I want to read a statement directed to the Executive Director Michael Gerber.

Dear Mr. Gerber, my office has received notice with regard to the proposed Lancaster Apartments affordable housing development, number 060628. As I understand this tax-exempt bond development would add 252 low-income housing units to my district, Texas House District 132. At this point, I wish to state my opposition to the development. The Katy Independent School District has voiced opposition to the proposed development.

In particular, KISD anticipates that the proposed development would add upwards of 171 students, 111 of which could be of elementary age. This surge in population would as the District points out in this July 12 letter to Robbye Meyer, place an additional burden on its already strained fiscal and enrollment capacity. Given this, I am inclined to side with KISD and join their opposition to the proposed Lancaster Apartments development.

On another note, while I appreciate the developer's recent efforts to inform the community of its project, I sincerely wish this effort had been made earlier than it apparently was. I firmly believe that in order for any developer to work in this District, the affected community must be informed well ahead of time.

In addition, I believe it best that the community be given an opportunity to both learn the project's intent, and provide their input and how it may affect their area. Lastly, while the neighborhood association which this project is to be located was contacted early in the process, I think it would be helpful to contact other local subdivisions and organizations in the future ahead of time.

Thank you for providing the opportunity to provide input on this matter. Again, I would oppose the proposed Lancaster Apartments housing development. I certainly welcome the opportunity to discuss this with you further. Thank you.

(Applause.)

MS. ROTH: Okay. I am going to call a couple of names. That way we can kind of get prepared. Mark Palmer and Peter McElwain.

VOICE: Can you either turn the microphone up or turn them around?

MS. ROTH: I don't know. I think that is probably as loud as it is going to go. He might just need to speak a little closer to it.

MR. PALMER: I would really like to be able to talk to not only you all, but these people.

(Crosstalk.)

MR. PALMER: I think I made my point. Hello, my name is Mark Palmer, and I am the chief of the Westlake Fire Department. And I can tell you that I was between a rock and a hard spot to come here. As a person, an individual person, I think the people that know me; I sympathize, and I feel sorry, and I help those that you call low-income housing. And I not only do it on a weekly basis, I do it all the time.

As the Chief of the Westlake Fire Department and a retired Houston firefighter, I have some grave concerns of the development. I do appreciate Sarah coming to my fire station. And I did bring some of these concerns to her. Going and looking at the site today, I have grave concerns of building an apartment complex to north of Masters Manors.

One, the water supply is not there in the event that there is a fire. I estimated on the building size that we would need approximately 2,400 gallons a minute flowing. On the eight-inch main, or possibly a six-inch main, the water supply will not be there. Coming off of Park Row, where you have a twelve-inch main, I don’t have the same concerns.

Also the Westlake Fire Department is funded by three different ways. One is by our tax base. To make the math easy, we collect five cents per $100 value. Our tax rate, we just went for an increase in taxes, because the value of our homes had gone down.

I have lived out here 28 years. My house has not gone up much. They tax me more, but the value of my home has not gone up.

We also collect on a $3 voluntary donation from the homeowners. There is not one apartment complex in Fire District 47 that is included in that. They pay no voluntary donations towards the Fire Department or EMS. I would like to see that stipulated where this complex does.

Another, we bill on EMS billing -- at one time, we were at 72 percent of our citizens in our community had insurance. Due to the increase in apartment dwellings, we are now down below 52 percent of insured people. Therefore, we have lost income there, too. I don't see the values of our homes going up with apartments going around us.

I can tell you that I will respond three times to this one apartment complex than I will to one time in the Sundown Subdivision. Every single one of our apartment complexes, we have a three time ratio to our one, to a single dwelling. That will tax the Fire Department. There is no doubt about it.

For a little department that only has ten square miles, we are currently at 1,800 runs per year. I have limited resources. And if you are going to put three apartment complexes in my district, you are going to tax our Department. That is all I have.

(Applause.)

MS. ROTH: Peter McElwain, and then Steven --

MR. PUSTEJOVSKY: Pustejovsky?

MS. ROTH: Yes, sir.

MR. MCELWAIN: Thank you. My name is Peter McElwain, and I am the District Architect and Planner for Katy ISD. Unfortunately, Dr. Murrow could not make it this evening. There is a board meeting this evening.

With reference to his letter to Robbye Meyer of July 12, in opposition. The district is in opposition to this development. And it is clearly stated, in that particular letter, the reasons for the opposition. Mr. Callegari has mentioned the demands and the burdens that this development will put from an enrollment perspective on to Sundown Elementary School.

These type of developments and as was mentioned in the earlier presentation, generate far more students than a regular apartment complex. A regular apartment complex generates approximately .3 students per unit, while this development will generate approximately .8 students minimum per unit.

That will generate approximately 200 students total, a little over 200 students total, 100 of which, or over 100 could be at the elementary stage, which would feed into Sundown. Sundown currently has an enrollment of 772 students. That would be an increase of over 12 percent on this particular campus.

It is an extreme burden. At this particular campus, this campus houses a number of special programs. And the pure enrollment, and the demands would be such of a burden on the District.

The Katy ISD is the fastest growing district within the Houston metroplex. It is not a rich district. This particular program, the TDHCA program, I have spoken before on behalf of the District, whereby incentives are given to developers. Four developments will generate more students than in a normal situation.

But on the other end, the District is not compensated or given any assistance from the State to accommodate these extra students, because the most important thing for us is to create excellent learning environments for the students. We do not want to see overcrowded situations within our campuses.

Also from a tax, it was mentioned that these developments pay taxes. But the valuations of the property is far lower than a regular apartment complex.

Millstone was given as an example. The Millstone complex down on Grand Parkway. That complex, if it was a regular apartment complex, our tax people are saying that that would be valued at approximately $10 million.

It is sitting at $5.8 million dollars and the developer at this particular point in time, I understand, is appealing. Their assessment at that particular value, we are estimating a loss of approximately over $70,000 per year in taxes on that type of development versus a standard apartment development. One thing I should mention, because the comment is made sometimes. Looking at adjacent campuses, they look at the capacity of a building versus the enrollment of a building.

The capacity may be -- the enrollment may be lower than what the stated capacity is, but still have portables. The reason for that is that the capacity is based upon filling every classroom in that school with a full number of students, let's say, 25 students.

In this area, and fast growing areas, we have a number of special programs and campuses whereby their small numbers of students and classes. Nottingham Elementary is a good example whereby the District's autism program is housed over at Nottingham. Small numbers of students. And in that way, that is why it is misleading sometimes when you look at a capacity in an enrollment number, and you may be under the capacity, but still have portables on the campus.

And this is a situation here in this particular case. I would like to thank you folks for the opportunity once again. The District opposes this development. And if necessary, we will talk to your office. If it is important for us to come on December 14 to Austin, we will have a representative there.

(Applause.)

MR. PUSTEJOVSKY: Good evening, my name is Steve Pustejovsky, principal of Sundown Elementary School. My main concern as principal is the impact this development would have on the Sundown facility itself. We currently serve students from two major subdivisions. Sundown, and West Green. And students from four multifamily housing complexes.

Our demographers project that this type of development would bring an additional 111 elementary age students to our school. This would translate to the five classrooms that we currently do not have on this campus. This large increase of students would place Sundown Elementary over capacity.

Every instructional area in the building is being utilized, and we have twelve classrooms in outside portable buildings currently. Adding an additional multifamily housing development would most definitely put a tremendous strain and burden on the Sundown facility. I do oppose it. Thank you for your consideration and your time.

(Applause.)

MS. ROTH: Okay. Next we have Connie Merrill and then Lorraine Roberts.

MS. MERRILL: Okay. What benefit would Lancaster Apartments bring to the Sundown community, I ask. My name is Connie Merrill, and I oppose this development. I have owned a home and resided in Sundown for the past 25 years.

I have raised my son here and encouraged him successfully through Sundown Elementary, May Creek Junior and Senior High Schools. I am a career business person. And I see that Lancaster Apartments would bring only increased cost and decreased value to my neighborhood.

Increased costs to support the additional burden on the already strained to the max Sundown Elementary School facilities, staff and required programs. I refer to KISD superintendent Merrill's letter of July 12, to TDHCA, detailing further school and education concerns.

Increased costs would be incurred for additional water and sewer operations, and facility maintenance. Increased costs on crime prevention, and managing crime incidents. Increased costs on Westlake Volunteer Fire and emergency medical services.

I see decreased value coming from the development of Lancaster Apartments in this area, in the form of lower tax revenue from this apartment complex, compared to alternative market value properties in the area. Decreased value and lower rating of Sundown Elementary. And likely reduced caliber of education received by its students. Lower property values due to reduced school quality and likely increased crime in the area. It seems there are several missing elements in this proposal.

I ask, what does the market need or income eligible renter demand for this type of housing. What is the concentration of the housing in the area. What is the area's inclusive capture rate, i.e. the ratio of this housing concentration to the renter demand.

What jobs are available in the area for potential Lancaster tenants? What forms of transportation, public and/or private are available for such tenants, to go to and from jobs, shopping and places of worship.

Envisioning increased costs, decreased value, and these missing elements, I ask again, what is the benefit of Lancaster Apartments in my neighborhood? Thank you.

(Applause.)

MS. ROTH: Lorraine Roberts, and Efrain Martinez.

VOICE: [inaudible].

MS. ROTH: Could you please come up to the microphone, ma'am.

(Applause.)

MS. ROBERTS: My name is Lorraine Roberts. And my comments have already been said by the people who came up here. We all know what the problems are and we are all against it.

(Applause.)

MR. MARTINEZ: Hi. My name is Efrain Martinez. I have lived in the neighborhood for about 26 years. And I would reiterate pretty much all the comments made earlier. And I wholeheartedly support their main opposition to the project.

The increase in crime that would arise, I just heard some statistics from Houston, that the majority of crime increases in the area have been in apartment projects, and of course, also the taxes that were mentioned earlier. The lower the taxes, the lower the income we would get from that apartment, as opposed to what is being generated by the residents of the neighborhood.

Of course also, added traffic would rise. And I know Park Row and Fort Stanton are pretty much, if we didn't have the police pretty much attuned to that, it was crazy at one time, and it would probably be even worse now.

We have also heard of the overburden of the schools. My son went to school here, and but we didn't have the portables, and it seemed like it would just be adding to that. And of course, there is no capacity now. So I think overall, it is a bad idea, and I am opposed to it.

(Applause.)

MS. ROTH: Okay. Stephen Grubbs and John Blake, I believe.

MR. GRUBBS: Well, here we are again, opposing another low-income project. Why are we here? Nothing has changed since last time we were here.

Sundown Elementary is still overcrowded. There is still no way for them to expand the physical plant. There is still no way for the school district to build another school nearby to take the load off.

There is still no jobs. My kid can't get a job. Your kids can't get a job around here. Where are these people going to work? There is still no public transportation. The one little bit we had here, left with Colorado Bus Lines or whatever it was. Things aren't getting better.

We don't care if the tenants are low-income. I mean, we really don't. None of us are particularly rich. But we do care, is what it does to our schools. What we do care about is that they can't get jobs. What we do care about is that our tax money is going to be used to overcrowd our schools.

You know, we supported the low-income senior housing over here. I mean, we actually came out and supported it because it didn't impact our schools. We don't mind if they put low-income housing out here as long as it doesn't impact the schools. As long as these people can get jobs. Thanks.

(Applause.)

MR. BLANKE: My name is John Blanke, and I have been a resident out here since 26 years. I am a CPA by trade. I am also a director of Frye Road MUD.

One of my main concerns is that this project will not be valued at its normal price or valuation. They are looking to build a $15 million project, and I would assume -- and I would assume that that would be the initial value of the project.

If you compare that to Millstone, the District here would lose approximately $50,000 in taxes as compared to a regular project. Everybody in this district, residents included would have to make that $50,000 up to operate the District.

I am concerned about the funding and the taxes for the Fire Department. A lot of the stuff that is done by contributions of which Sundown does a lot of it. The tax base, the taxes would be reduced for them also. And it would put a strain on them for their manpower, and equipment.

Sundown Elementary School would be overcrowded. Employment, there is none out here. Most of what we have out here is store and food services generally handled by teenagers.

Transportation, again, there is no public transportation here. These people have no way, if they have no transportation to get to schools, shopping, medical, or to work. Thank you.

(Applause.)

MS. ROTH: Gustavo Orelliana, and then James Montgomery.

MR. ORELLIANA: Good evening, my name is Gustavo Orelliana. I live here more or less four years. My opinion about the apartment --

VOICE: [inaudible].

MR. ORELLIANA: Okay. I apologize. The apartment, it is okay. It is more work for the people, more taxes for the country. I think this is okay. That is it.

(Crosstalk.)

MR. MONTGOMERY: My name is James Montgomery. I lived in Sundown subdivision for the past 16 years. I really don't think it is necessary that I go through the litany of the infrastructure is insufficient to support a development of this size, much less a low income development of this size. It is a net tax loss. It is an anchor that cannot be hoisted off the bottom.

We have a volunteer fire department. These guys work real hard 24/7, 365 a year on damn near nothing. And you are asking this Fire Department to do more with even less.

We are covered by the Sheriff's Department, not HPD. These guys work real hard all year. We are talking about a net loss in tax revenues. The only thing I can see is this is a very sweet deal for the developer.

(Applause.)

MR. MONTGOMERY: He gets cheat money to build an instant slum, and then he is out of there.

(Applause.)

MR. MONTGOMERY: I know that the chart said certain income levels. It said the maximum income level. It did not mention the minimum income level.

(Applause.)

MR. MONTGOMERY: We have -- although not mentioned yet, we have one servicing hospital for the local area. Christa Saint Catherine. We have a developing medical community on Kingland, which would be convenient, but these are for insured people.

The hospital is still developing, and it would just be overcrowded. It would just be beyond belief. Just beyond belief.

There is no opportunity -- or at least limited opportunity for those tenants who would have any form of public transport, or private transportation. No opportunity for those who would rely on public transportation. You are a governmental agency. You are an administrative agency. We are the government.

(Applause.)

MR. MONTGOMERY: You have heard one of our representatives. The first one, Mr. Callegari, present the views of his constituents. We are the constituents. We are the constituents. We are the government. You must respond to those who pay your salary. That is us.

(Applause.)

MR. MONTGOMERY: I am reminded by the old, a rose by any other name is still a rose. This rose does not pass the smell test. Thank you.

(Applause.)

MS. ROTH: Terry Miller and Katherine Buxkamper.

MS. MILLER: Hi. My name is Terry Miller. I am a long time resident of Sundown. I agree and support the opinions of my neighbors. School overcrowding, lack of jobs, no public transportation: Basically the development will end up victimizing us all, costing us in ways we can't even begin to imagine.

The developer has tried to present us a nicely wrapped gift, pretty on the outside, however very ugly on the inside. I feel they have lied and misrepresented themselves to all of us. So I want to take another approach in my opposition.

I visited five of the developer's complexes Sunday, November 4, 2006. The thing I did not find at any complex was security; there was none. I had no problem driving through open gates, rigged to stay open, I might add. The places where gates were not open, people simply let me in. I didn't even have to ask.

So I made myself at home and looked around. I have compiled a list of things I saw, such as broken fence boards, bent fences, trash every where, overflowing trash bins; trash on the sidewalks, the grounds, the patios and all the common areas, including the street, playgrounds and parking areas. There were even mattresses, beer bottles, washing machines, dryers, couches, desks and more.

I saw two drug deals go down; one at 9:30 a.m., it was the first. It was an upstairs-downstairs recipient. The second one was at 10:25; the second drug deal was through a gate. There was a guy dealing tires out of his garage, and a barbecue pit sitting outside of the garage in the middle of the street.

Cars were parked illegally, some blocking fire lanes. Motorcycles were parked on the sidewalks, and expensive vehicles were present such as Hummers, Hummer 3s, BMWs, Cadillacs and lots of new cars, within one to two years old. And believe me, I know cars. My husband owns a wrecker service.

There was a car with Louisiana plates with the trunk tied down. I saw a tree that looked like it had been tortured, set on fire, and bent.

I saw dirty exteriors, broken siding, broken boards and gutters; siding and porches that were filthy; torn-up signs at the entrance and the exits, and graffiti. I saw gates that would not close and could not close.

I spent in excess of an hour at each site. I had a couple of gang-looking guys nod at me, but they left me alone. According to the developer, they said that the properties have security. Where?

And just to let you know, from a security standpoint, all the complexes I went to were a nightmare. I know. I have a degree in criminal justice and a master's in behavioral science and criminology. I thank you for your time. And I greatly oppose this project.

(Applause.)

MS. BUXKAMPER: Good evening. My name is Kathy Buxkamper. I have been a resident here in Sundown for 25 years. Both my children went all the way through Sundown Elementary and remain in the school system here now.

I am uncategorically opposed to this development. But I am going to concentrate on my reasons tonight -- although I agree with all of the reasons that have been put forth as valid -- that my main concern is the school, particularly Sundown Elementary. I have a statement here that I want to read.

Although it is commendable that the developer has shown some willingness in a meeting that we had this past Saturday to explore ways to minimize the impact at the schools that their development would affect, especially Sundown, their ability to minimize that impact after they have funneled students from a large subsidized multifamily housing development into an already overtaxed school are at best, superficial.

The impact of adding more special needs students to an already overloaded special needs campus cannot be mitigated by donations of equipment, portables or even mentoring, however worthy those suggestions might be. Those new students deserve permanent classrooms. They deserve well funded educational system that is supportive.

And additional services that cannot be provided by mentoring programs, even though those are very helpful for underprivileged children. And those things must be provided instead by the local taxpayers of the communities who are already carrying a heavy burden of supporting schools here that have high special needs populations already.

While the developer also becomes a local taxpayer, its tax-favored status unfairly limits the financial support that it actually provides for the students that it is sending to these schools, once again leaving the remainder of the tax burden to be shouldered by the other local taxpayers.

Donations and mentoring, while they are certainly appreciated, and needed at every school, unfortunately do not amend the additional stress on staffing, and on the additional physical space that are needed, for the additional spaces often needed for the special programs that these children need.

These problems will still exist, and the resulting pressure on the school systems only produces overcrowding, more portable buildings, fewer staff members available to cover all those above and beyond measures that they already do so willingly at these schools.

So in short, any help that can be provided by the developer, although very much appreciated, cannot adequately address the overwhelming challenges that result from placing a sizeable number of additional low income students into a community that already supports a majority of low-income students. Thank you very much.

(Applause.)

MS. ROTH: Oka. Hugo Velasco, and Beverly White.

(No response.)

MS. ROTH: Hugo Velasco?

MS. WHITE: I am normally a pretty well-prepared speaker, and I am not tonight. I feel like I haven't been given the information to make meaningful comments. I haven't been given the information to review the project and comment in a way substantively and ask deep questions that matter.

And I feel denied that right through this process, that has somehow shepherded this project through a regulatory process without giving the people who live in the Sundown subdivision, which is in the Frye Road Utility District, which is subject to the Westlake Fire Department, which is also. I am a little flustered. I apologize. Which is also the school and the MUD district.

And that is our taxes that we pay. We have a right to know what is going on. So I am deeply opposed to the project on a principle, for one, that we haven't been given the information to ask meaningful questions and to respond at this time.

Two things that I do want to bring up at this time. And I do have a lot of questions when we get to the question and answers. I would like to very much understand the failure to address whether there is, was there any process in place to address juvenile offenders that would live in households of parents that are not offenders, and what that process is.

I would also like to understand what happens when the bonds default, and we are left with defaulted bonds and we have this structure built, and typically, those situations just go from bad to worse. So I am opposed to the project. I believe we had a right to know more and that we deserve that right. So that is my statement.

(Applause.)

MS. ROTH: Johnny Wood and Kari Bollman.

MR. WOOD: My name is Johnny Wood. And I have only lived here four years, but I pay taxes; I work hard. I have been a construction worker for 27 years before I started working for my church.

And what bothers me is when this developer comes in here, once he gets paid, he is long gone. You are not going to see him no more. He is not going to care about that project. Maybe a year, maybe more, but then it is up to the taxpayers, the people that live here. This guy is living in a $10 million house somewhere.

(Applause.)

MR. WOOD: But he is giving property away that affects our children. It affects their parents, their grandparents. It affects their schools. The Fire Department. If we can't listen to anything else, the Fire Department cannot have this project here. The man already said, there is no living way he can do it. What is the difference between HUD housing and this project? Very little. It is just something that the carpet got picked up, swept underneath there, and it is being put right back down.

(Applause.)

MR. WOOD: I pray for these families. I pray for low-income families. I know it is hard to make a living. I know it is hard to make a living; however, this man is not going to pay no taxes. This man is not going to pay any taxes, and they are living in apartments. They don't have to pay taxes.

And just like you said awhile ago, what about the ones that are under 18 that have records. They are not going to be checked, but they are still going to be there.

(Applause.)

MR. WOOD: Look at other schools. There are twelve-year-olds carrying guns. But they are not checked.

This apartment building is being put in there to the damage of our community, and that is what it is doing. It is going to damage our community. And the only ones that are going to profit is the developer. He is the only one going to do good, and I strongly oppose this.

And I hope that everyone really looks at it, instead of just saying well, we heard you all. Too bad, we are going to give it to them anyway. I really hope that you all listen to the people here tonight. We oppose this thing.

(Applause.)

MS. BOLLMAN: My name is Kari Bollman, and I am the PTA President here at Sundown Elementary. And I am actually going to speak more to you all than to them, because it affects us. It really doesn't affect them. They are going to build this, and they are going to leave. It is our children that belong to this school that it is going to affect.

I volunteer over 40 hours a week here at this school. Why? Because we already have at least 65 percent of the students that come to this school are on free or reduced lunches. You added another low-income housing unit, and that is only going to go up.

Now, quickly they slid in the fact that we have a building next to us that is all for low-income units. They are for senior citizens. They didn't have too much impact, did they? That is not impacting our school. Actually, I am wrong. It is impacting our school. Can I tell you that the the residents over there come over here and volunteer for our school?

(Applause.)

MS. BOLLMAN: That is not costing us any money. That is benefitting our children, and that is what we need. That is my little speech.

The proposed housing projects are financially rewarding to only the land developers and their workers. It is easy to sit here and snigger at all of our comments. But remember this, we are not getting to paid to live here. You are.

The financial rewards come from our taxes. The proposed tenants will also be supported by our taxes, you can bet rent will not be the only. Electricity, food stamps, medical care, school lunches and school supplies will be provided by us, the full paying taxpayers.

Furthermore, these housing projects have struck the additional five blows to the surrounding communities. These five blows are the knock-out punches of rapid drug addiction, violent crimes against the hard-working people, and the children.

We pay the way for those that destroy our neighborhoods. Overall these housing projects are community killers. In short term, they take our taxes for construction, lower our property values and overwhelm the limited resources of our school.

In the long term, these housing projects will deter positive growth here in Katy. We will fall in the same vein as Arlington has, for example, which has become overrun with inner city crime but yet is a suburb of Dallas and Fort Worth. So I strongly oppose this.

And again, I can only say that on the bonds, for example, yesterday, we were written in to have ten new school rooms built. We have twelve classrooms in portables out there. So if we get our ten classrooms, we are still short two. And we are at maximum capacity, whether are showing it in the numbers or not. We are full here. We are full.

(Applause.)

MS. ROTH: Kathy Barrett and then Sharon Khaled.

MS. BARRETT: Okay, everybody. I am opposed for all the reasons that everybody else is opposed to this project. I have been a Sundown resident for 21 years. I have watched my subdivision go from a nice quiet little subdivision to a subdivision to a subdivision that is literally ringed by apartment complexes on every side.

I have seen recently the need for a police presence in our neighborhood at all times. I had a child that just graduated fifth grade from this school. I know how crowded this school is.

And my question, which I hope is answered at the end of this, during the question-and-answer period, is why are these projects only built in middle-class neighborhoods? Thank you.

(Applause.)

MS. KHALED: My name is Sharon Khaled. And I just moved last week, excuse me, in Sundown. And I would like to see the property values continue to go up instead of down. And I agree with everybody.

And I totally oppose this project. We already have four complexes around us, and the only reason that this is a good thing next to us is that these people have already paid their taxes all these years that they have lived.

So if we give seniors low income, so be it, because they have already worked and paid their taxes. So let's see if we can oppose this and keep this out of our neighborhood. Thank you.

(Applause.)

MS. ROTH: Stuart Swan, and Vinnie Benz.

(No response.)

MS. ROTH: Stuart Swan? Okay. Vinnie Benz?

(No response.)

MS. ROTH: Okay. How about Sheila Brown and then Jay Montalvo.

MS. BROWN: Who am I? I am Sheila Brown. I am a homemaker, homeowner. I have children. And I agree with the school situation.

My question is, we have children. We have ones that are going to be old enough to work in our stores in the surrounding areas. How much are there going to be, as far as jobs for our children? They are going to want to work in the community and participate. What will we do for them?

(Applause.)

MS. ROTH: Jay Montalvo?

(No response.)

MS. ROTH: Tracie Neal.

VOICE: [inaudible].

MS. ROTH: Okay. Sorry about that. Tracie Neal. I am sorry.

MS. NEAL: The first thing I would like to say is go find another property for your project. We don't want it here.

(Applause.)

MS. NEAL: My name is Tracie Neal, and I have lived in Sundown subdivision for five years now. I have seven children. I work my ass off at a hospital. We don't have room for more people. The values of our homes can go down. Gangs and violence will enter our neighborhoods.

Overflowing schools. My children go to this school. My daughter loves this school. It interferes with her education, it is not going to happen.

Taxes will go up. Why? They live in apartments. We live in homes. We will pay their taxes for them. Ain't going to happen. I am not paying them.

(Applause.)

MS. BROWN: A lot of homeowners, they want to move. This one is not going nowhere. They better not darken my door. What about children predators? What about that? You are going to be able to protect my seven kids? No. I have to buy me a gun now.

(Applause.)

MS. BROWN: Our families were here first. Our children were here first. Our children go to this school. They have rights first. Find another for them. Build for them somewhere else. Not here.

We don't have room for them. We don't have room. And that is dangerous for all of us here, is our families, our schools, taxes, and I vote no. No, hell no.

(Applause.)

MS. ROTH: Okay. Jackie Johnston, and then Vickie Chantre.

MS. JOHNSTON: Hi. I am a single mom. I make just as much money or less than what these people are going to be making. I make good. I pay my taxes. I have a home. I devote myself to the community. I am a mentor.

I am also a school-bus driver, and I know how overloaded our buses are. And we don't have enough buses to service more apartments. What about sidewalks? Who is going to put in sidewalks?

What about the police? The police department is overloaded. And we already know the Fire Department is overloaded. Where are you going to get the police to come from.

And we know that the water is an issue. He said that the water is going to be not even -- what about sewer? That is all I have. Thank you.

(Applause.)

MS. CHANTRE: Hi. My name is Vickie Chantre, and I have lived here in Sundown for about twelve years. And I agree with everything everybody has said, with the exception of Gustavo there.

Like everybody, I worry about the kids, the schools here, the Fire Department. But also, you know, we have worked hard to keep our neighborhood like it is. I have seen it go up; I have seen it go down. And it is back up right now, and you all bringing you all's crap in is going to make it go down again, and we don't want that.

We are going to have more traffic. We have a traffic problem. I can't think of the name of that street. This street that we just had to put stop -- I am sorry. Where we had just the light put in, because we had major problems with that. We had a light put in. Is there going to be, oh. Well, that is why.

Is there going to be a light at the end of Snake River and Park Road for us to get in and out of our subdivision now. We have had gangs that have tried to move into the neighborhood. The cops have been great about keeping them out of here, out of Sundown.

You all mentioned also something about doing all these background checks. The city did a background check on all of the tow truck drivers. No offense to the lady here. I know she is -- I know you. We all know what happened there. I think he killed two people here a couple of weeks ago. Safe clear.

You also mentioned something about doing credit checks. What happens to the people that have someone else get an apartment for them, and then somebody else moves in. They have other family members who move in, friends who move in.

We also have to think about the people who are going to come and visit: parties, the loud music. We don't have that in Sundown. Subrenters: totally oppose it; don't want it.

(Applause.)

MS. ROTH: Cristal Charlez, and Robert Bollman.

MS. CHARLEZ: Hi. My name is Cristal Charlez. I am an apartment manager for [inaudible] Company. So don't get -- I have been living in Sundown since '98. I have been in the apartment industry since '93. I know I had better [inaudible].

So I just want to let you know, one, as far as apartment management, yes, you can do criminal backgrounds; yes, you can do credit checks. But like the girl just said, when somebody moves in and they don't tell you the truth who they are, everybody looks good on paper. But until you walk in that apartment and you find out you have got 15 people in a one-bedroom --

(Applause.)

MS. CHARLEZ: I don't live on my property, because I have a house. But you know what? I know night after night, when the manager is away, those cats are gone, and those mice come out to play. And trust me. It takes a long time to do it legally.

The only way I can evict somebody is if they don't pay their rent. That is it. That is the legal way of doing it. So you tell me that you are going to know everybody that is going to be moving in? No.

Another thing I have a problem with is my daughter was in a wreck in December because of that Post Office parking lot, where it is a me-first, no matter if I am right or wrong. And let me tell you something, they were wrong, and my daughter suffered that.

Now we have a street light. What good does that do? We are overcrowded on that street. We have got the people trying to get in and out of the Post Office and get into a wreck, because you have got people 40 miles per hour, no. Let's go 140.

Okay. I am talking about bad management, good management, it doesn't matter. When you are not living on site, and even if you get your apartment for free, you can't do a thing legally.

And as far as the traffic and congestion, yes. It is going to happen. We are going to be the ones suffering, because we won't be able to leave our own house without getting into a wreck, or being behind someone else that doesn't have insurance.

And let's talk about insurance. Do you know how many apartment fires are in the Houston area every single day. How many renters have insurance? Zero. Zero. My apartment complex caught on fire. None of those people have insurance. Who is paying the price? The owners who I work for.

Who is going to pay the price when that apartment complex comes on fire and burns down a house? The homeowners. No. I do not want this apartment complex.

(Applause.)

MR. BOLLMAN: My name is Robert Bollman, and I oppose this as well, for all the reasons mentioned already. But also, for the future. How is this going to impact the business communities around Katy? You already have existing apartment complexes which will have to compete with this. Will this force them to accept Section 8?

(Crosstalk.)

MR. BOLLMAN: You have established businesses already in Katy, apartment complexes. This one says it will not accept Section 8. For how long? What happens when they sell out? Will that new owner be able to accept Section 8? What about the established apartment complexes in the Katy area? Will you force their business model to have to accept Section 8? So forth, and so on. I have lived in North Dallas, in Northern Texas. I have seen Arlington turn around.

When I was a kid, Arlington was the place to be. It was the Katy. Now 20 years later, you can't get those folks that established Arlington to move back there. They sold out ten years ago, and will not return. I have family who have personally sold out from there because of these type of establishments coming in. Low budget, low income that force all the other competitive businesses to accept Section 8. Inner city crime moves into the suburbs and the suburbs move further and further out to the country. And that is what happens. I oppose this.

(Applause.)

MS. ROTH: Okay. I have a couple of people who signed up. I am going to try to see if they are here again. Jay Montalvo?

(No response.)

MS. ROTH: Vinnie Benz.

(No response.)

MS. ROTH: Stuart Swan?

(No response.)

MS. ROTH: Hugo Velasco.

(No response.)

MS. ROTH: Okay.

VOICE: [inaudible].

MS. ROTH: What was your name, sir? If you can come on up. We don't have a form for you, but you can fill one out. If you will just state your name for the record, and then fill out a form for me.

MR. OWOH: Hi. My name is Friday Owoh. I live on Westside Brook subdivision, behind and in front of where they are trying to put in the apartment. What I have to say is that I hear everybody talking about Sundown.

When that apartment opened, the students there, the kids over there, they were going to go [inaudible] junior high and high school. So right now, the high school is overcrowded. It is a new school. And we have a trailer over there for the students. Also yesterday, they just passed a bond to give nine grade over there because of overcrowding.

So what I am saying is that moving away from all the trouble in the city to the suburb to get away from all the crime that is going on over there, to have peace of mind. And now we are trying to have another low income apartment over here, which is going to bring about headache.

The schools are also overcrowded. I have five kids. I have one here at Sundown, one in high school and two in junior high. And the classes over there are so overcrowded. Go in with my son, classes of about 30 kids in the classroom which is overcrowded. So bringing more kids here is going to make things worse.

The value of our property is not going down like everybody has been saying. Nobody made the investment and expect to get a loss at a timing of seven. So the property, you know, everybody is talking about low income.

We all came from somewhere. The one time we don't have money back. Nobody sit down with the Government to get you a handout, to get you what you want to get. I worked my butt off to get to where I am today, okay. 1980, I was working at Jack in the Box as a manager. Today, I have two stores, I have my own business. And I can call myself a million income, because we are past that.

But before these, someone has to be here to sit for everybody has, because I don't think that this is what we are going to need to do. I strongly oppose this, and I am going to say to everybody here with me, tomorrow, I am going to contact my lawyer. If we have to use injunction to stop this, we are going to do that. That is what I am going to do tomorrow.

(Applause.)

MS. ROTH: Okay. So we have anybody else? If you did not fill out a form earlier, who wishes to make public comment at this time? Please just state your name for the record.

MS. WHISENHUNT: Hi. My name is Leta

Whisenhunt. And my husband and I have been long-term residents here also, and we have put two of our children here at this school. And I have served on the PTA, and I know how Sundown is. But I wanted to bring up some other points.

Ms. Miller was, she took the time Sunday to go and view other projects developed by this developer as well as, took the time to go over to Lockwood and get, for the past four years, the crime rate statistics and calls that were at his other properties in comparison to some of the other properties that are here, Kenwood Club, Westborough Crossing, Farmington and Stone Creek, which are regular at market rate complexes. And I have -- I took the time to take all of these figures here that she went and picked up.

And there is a very big difference as far as the numbers per year of calls. And these are only logged in by actual case number. These aren't even calls where they come and do a friendly discussion and nobody presses charges. And this is only with the Harris County Sheriff's Department. This doesn't count Houston Police Department. It doesn't count the constables.

Another thing is, the slide up here said that this is not public housing; it is not Section 8 housing;

it is not a HUD project. But I have a question for the developer. The developer has to accept Section 8 housing vouchers. He cannot refuse them.

What percentage of this complex and the number of units are available for low-income families and what percentage will be at market rate value? When we originally fought Mr. Richardson over here on a multifamily complex, he had a certain percentage of the units would be at a low income, some would not be.

I am under the understanding from Ms. Anderson, his consultant, that these will be 100 percent low income. There will be none of them offered at market value. Again, everybody asks this question.

Several people have asked this question, especially Ms. White. What about screening for registered sex offenders under the age of 18? There are those already in this area. They stated that they only do screening for people 18 and over.

Again, another comment was the tenants -- screening for tenants on the lease only. What about the residents not listed on that lease? You know, Ms. Johnson made a very good comment about it. You don't know until you knock on that door.

And I want to say, as a resident in Sundown, although I hate to say, a former resident at this point in time, because my heart is still in this community. And it is still in this school. I know for a fact, because my home was located right next to Kenwood Club Apartments: full regular, beautiful apartments -- full-market-value apartments.

But when they were constructed, and I went to have my home reappraised, and I went to have my home appraised for refinance and to sell my property, my appraisal, two independent appraisal companies, two different ones decreased the value of my property by $5,000 due to the close proximity of that apartment complex to my residence. You can't say that a complex -- another multifamily complex is not going to bring down the property value, especially if it is known that it is a low-income-multifamily complex.

So I am here also in opposition and in support of my friends and my family in the Sundown community and at Sundown Elementary, and West Green community, and the apartments that surround it. I mean, this area is completely saturated with apartment complexes. And I don't see why this developer feels that he is providing anything positive for this area. Thank you.

(Applause.)

MS. MORALES: Good evening. My name is Teresa Morales, and I am with the Texas Department of Housing and Community Affairs. I am the administrator of the multifamily bond program with the State.

And what I am going to do right now is to go over and briefly discuss some of the questions that were raised, and how it specifically relates to the Department and its role. Can everyone hear me okay?

VOICE: Yes.

MS. MORALES: Okay.

VOICE: [inaudible].

MS. MORALES: I am going to get to all of that in all of my responses. One of the first questions that was asked has to do with a preference, I guess, for the individuals in the community to have been notified a lot sooner.

From the Department's perspective, that is something that we definitely encourage, for the developer to get out there and make as much contact as possible with any of the neighborhood organizations in that area, to get feedback from them, and to see exactly what their needs are, and what their stance is going to be with this particular development.

I can tell you that to briefly discuss what the notification requirements are, there is a preapplication that is submitted by the applicant. And with that preapplication, the applicant is required to send out notifications to the elected officials as well as any neighborhood organizations that are on record in that particular area.

Also at the preapplication stage, the Department sends out the same notification to all of those elected officials and also any neighborhood organizations. Once the application moves into full application, again, there are notifications that are made by the Department, again, to those same elected officials as well as any neighborhood organizations.

Again, we the Department is responsible for conducting a public hearing. That is what we are doing tonight. We have to make sure that we do have a valid hearing. But we also encourage the developer to meet individually with any of those in the community one on one or in the neighborhood or organization meetings. As far as --

VOICE: Is there a site that we could watch for these type of things? Is there a place where we the individual taxpayer could go and see this information?

MS. MORALES: Which information specifically are you referring to? Yes. You, the application, the tax credit application that the applicant submits to the Department is a matter of public record.

Anyone who wishes to make an open records request, you would do that through our department, specifically through the Multifamily Finance Division. And you can have access to the application that the applicant submitted.

VOICE: But is there a place that we can see for future projects?

MS. MORALES: For future developments?

VOICE: [inaudible].

MS. MORALES: The applicant is the one required to submit an application as a department, we do not have a heads-up. But we do not know or we cannot anticipate when applications are going to be coming in for any particular areas.

VOICE: [inaudible].

MS. MORALES: The application is not available to be viewed on our website. Again, if you would like to have information about that application you can request, or you can go to the Department through an open records request.

We have listed on our website any of the applications that come in. There is a list once they come in. We do log them down, and that list is on our website. So you will be able to know specifically in the Houston area however many we did receive under the bond program.

VOICE: Do you have an address for each?

MS. MORALES: That is correct. There is an address listed.

VOICE: If we have a question about something you are saying right now, do you want us to ask that question now?

MS. MORALES: What is the question?

VOICE: My question was is, the [inaudible] you send out a notification to the neighborhood prior to tonight.

MS. MORALES: The notifications --

VOICE: [inaudible] that ran afoul of your rules and regulations.

MS. MORALES: The notification that is sent out, again, when the applicant submits the preapplication, those notifications by the Department have to be out within 14 days. That notification is going out 14 business days of when the application is submitted. Per statute, those notifications are sent out. The notifications are sent to --

VOICE: I am sorry. Sent out to who?

MS. MORALES: The notifications are sent out to all of the elected officials within that particular area, as well as any neighborhood organizations who are on record with the county. That information is what the applicant supplies to the Department.

VOICE: Okay. And so was our neighborhood not notified of that?

MS. MORALES: I cannot answer whether or not your particular neighborhood was notified. I can tell you that the developer is required to notify all of those organizations who are on record that he has knowledge of and that also that are in that same zip code.

VOICE: Is there a remedy for failure to follow your rules and regulations on notification?

MS. ANDERSON: Actually, let me go ahead. And I will do a quick response to your question about --

VOICE: And you are?

MS. ANDERSON: I am sorry. I am Sarah Anderson, and I work with the developer.

VOICE: I am more interested in the regulatory body's response.

MS. ANDERSON: Right. I just wanted to respond. You ask who the developer had notified, and I just wanted to follow that up with you; that per statute, they were required --

VOICE: Again, I would like to hear the regulatory body's interpretation of the statute and not the developer's.

MS. ANDERSON: Okay. Then okay.

(Crosstalk.)

MS. MORALES: Again, as I had indicated, it is the applicant's responsibility to make an inquiry, either to the city council member or the county commissioner that represents that district what a listing of all of the neighborhood organizations that reside within that zip code or within a half mile of that zip code. It is his responsibility to do that.

VOICE: It is whose responsibility?

MS. MORALES: It is the applicant's responsibility to receive or to make a request to the local municipality as to which neighborhood organizations are on record. If your neighborhood organization is not on record, then there is no way for him to know what the neighborhood organizations are within that area. The developer signs a certification to that effect, stating that the neighborhood organizations that he received a list of, that they have been notified.

VOICE: If just the developer has signed a certification that they have notified all -- I don't know the language exactly you used, but they have signed a certification that they have notified everyone, when in fact, all the neighborhoods that should have been notified, were not notified, what regulatory body oversees that, and what action can we take?

MS. MORALES: The certification form that the applicant signs is a notarized form. In the event that the applicant knows of neighborhood organizations or failed to notify one, then that would be subject to our General Counsel. Subject to a decision made by our General Counsel as to whether or not they were in violation.

VOICE: The General Counsel of?

MS. MORALES: The Texas Department of Housing and Community Affairs, our General Counsel.

VOICE: Thank you.

MS. MORALES: Yes.

VOICE: Can I say, as a property manager for Sundown subdivision, that it is on record with Harris County real property records, the management certificate with a management office and board of directors. It is on file and the Sundown subdivision was not notified by the developer.

VOICE: Thank you.

(Applause.)

MS. MORALES: Then that is information that I will defer to the developer as to whether or not they were notified.

VOICE: Legal remedies for failing -- for having made a false certification.

MS. MORALES: Again, that would be information that we would have to submit to our General Counsel to make a determination on that. If we received information such as that, then we will present that to him.

VOICE: Is the action and information you received tonight sufficient for that?

MS. MORALES: I would have to confer with the applicant and get all of the information before I can make a decision.

VOICE: Applicant doesn't want you to do this. This really has nothing to do with the applicant, other than --

MS. MORALES: It is a part of -- receiving public comment information that is presented to us. We take that information; we digest it. We then take it back and determine what the facts are. So we will do that.

VOICE: You will. That is all I was looking for.

MS. MORALES: Yes. But we would have to confer with them to find out what notifications were made and what steps and procedures they went through.

(Crosstalk.)

MS. MORALES: Again -- yes, sir?

VOICE: Are you saying then, that the fact that these questions have come up here will cause you to do that investigation?

MS. MORALES: That is correct.

VOICE: No additional letters or anything required from anybody?

MS. MORALES: This is all a matter of public record and that is all that we need. If I could please go through --

(Applause.)

VOICE: [inaudible].

MS. MORALES: As far as the -- I am sorry?

VOICE: What are the penalties for not notifying?

MS. MORALES: Again, I would have to take that information and present it to our General Counsel. That would be a decision made by them. That is not a decision that I can make as to what the action is going to be. I do not have that authority.

(Crosstalk.)

MS. MORALES: As far as the specific time frame, I did want to reiterate that the specific program that the developer has applied for, there is a time frame associated with it. As Ms. Roth indicated earlier, the reservation that was issued by the Texas Bond Review Board, the Bond Review Board is the entity that actually governs the tax credit or the specific bond program. The applicant must close on those bonds within 150 days.

So we are talking about a limited time frame of which to get a decision made on this particular application. With regards to the capture rate issue, that was raised. This particular application is currently in our Underwriting Division. What our Underwriting Division will do is they will take a look at the market study that was submitted.

They will take a look at this particular market area, and they will determine whether or not this particular development would exceed the capture rate issues or guidelines, specifically the underwriting guidelines that our Department has. There is going to be a recommendation made by staff that will be based on financial feasibility.

In the event that there is a capture rate issue, and specifically that this Department exceeds what the Department's guidelines will be, then the staff recommendation to the Board will be a do not recommend, because they violated our rules.

So I can tell you that with regards to this particular development, our Underwriting Division will be taking an independent look at this particular development. And find out exactly what the needs are within this particular area.

VOICE: I am the one that asked that question. I am the one that asked the question about capture rate follow-up. Is that market data available to the public, and if so, how do I get that?

MS. MORALES: The market study that the applicant submits is a matter of public record. It is part of the tax credit application. If you would like to get a copy of it, keep in mind, it could be several hundred pages long.

You would need to go through the Multifamily Finance Division and go through an Open Records request, and you can receive a copy of that market study.

VOICE: And help me. I am familiar with the

Open Records Act. What is the time frame in which you turn around? Would I be able to get that before the Board meets?

MS. MORALES: Once we receive your request, we have 14 days, two weeks, in order to respond.

VOICE: Just to respond to get me the data, or to respond?

MS. MORALES: Our division is pretty receptive. We will get you that information in a timely manner.

VOICE: Great. Teresa, I will follow up with an e-mail to you.

MS. MORALES: That would be great. Yes, sir?

VOICE: [inaudible].

MS. MORALES: I understand. If you will please just hold all your questions so I can go through all the questions that were raised, and I will get to that.

VOICE: [inaudible].

MS. MORALES: With regards to public comment, I know that I can tell you for a fact that, number one, this entire public hearing is being transcribed by our court reporter. What that means is that a copy of this transcript in its entirety will be available and presented to our Board.

I can tell you our Board is a six-member Board.

And I can tell you that they do read the transcripts from all of our public hearings. All of the information, all of the comments that you have made, our Department and our governing board does value the public comment that is presented.

The question that we often get is once we get to this point, a lot of people feel that like this is a done deal; that it has already been approved. That is not the case. No decisions regarding this particular development has been made.

This application has not been presented to our Board. That will happen on December 14. All of the comments that you guys have made here tonight will be presented to our Board.

In addition to tonight, you are more than welcome to submit written comments. All of those comments will be summarized and included in our board package. Our board members will have that information.

In addition to that, again, you are more than welcome to attend the actual board meeting. You can address the board members directly. You can have dialogue, conversations with them, specifically state what your concerns are to the Board directly.

The board meeting is going to be on December

14. And as far as -- they are usually held in Austin, at the Capitol Building. The agenda will be posted a couple of days prior to that.

The actual board package which will include all the information, the underwriting report, all of the information for this particular transaction will be made available seven days prior to the board meeting, so you are more than welcome to access the website.

You can read the transcript. You can get all of the information that the Department's Board will have in which to make their decision.

The deadline to submit written public comment will be December 4. And all of that public comment should be directed to me. I have business cards on the back table. And you are more than welcome to submit that via e-mail, via fax, via regular mail, however you wish.

VOICE: [inaudible].

MS. MORALES: I am sorry. Could you repeat the question?

VOICE: You have a [inaudible] criteria that you used for [inaudible].

MS. MORALES: Again, the specific -- the recommendation that is going to be made by staff to the Board is based on the financial feasibility and viability.

As staff, we cannot make a recommendation to the Board based on anything else.

It is the Board's discretion to take into account a variety of factors which include all of those mentioned here tonight. The Board has the discretion to take into account any of those comments with which to make their comment.

VOICE: And you will include that [inaudible] certification at the time.

MS. MORALES: We will check into that when we get back to the office. Yes, ma'am. Some of the other issues that were raised include the compliance monitoring. As Ms. Roth mentioned earlier, because this is an affordable housing development, this developer is in this particular project or development, is on the hook with the State for 30 years. You will see us for the next 30 years. All of the ongoing compliance monitoring that has to take place is going to take place for the next 30 years.

VOICE: [inaudible].

MS. MORALES: The developments are monitored every other year, and there are desk reviews, financial audits, things of that nature which are done quarterly. Some of the things we actually have are separate compliance monitoring division.

They have monitors who actually go out wherever the developments are located throughout the state, and they look into all the leasing records, all fo the tenant profiles and yes. They actually do go into individual units to make sure that all of those individuals who are listed on that lease, are in fact, living there.

VOICE: How much notice do they tend to give?

MS. MORALES: They are generally given a couple of weeks notice.

VOICE: They are given notice, and [inaudible] one day, or do they give a range of time they are going to show up.

MS. MORALES: I believe they give them a specific day.

VOICE: So all the people that actually are residing and they are not on the lease, they could leave that one day and come back the next?

MS. MORALES: I cannot make comment to that effect.

(Crosstalk.)

MS. MORALES: This specific requirements as it relates to the tenants, and as far as doing background checks, credit checks, criminal checks, that is not the responsibility of the Department. That is the responsibility of the developer and his management company to do all of those background checks and criminal checks.

(Crosstalk.)

MS. MORALES: They are unsuccessful at which particular component?

VOICE: The criminal background. [inaudible].

MS. MORALES: Again, all of the tenant requirements, that is not a requirement that the Department sets. All of the requirements that the developer has, those are those that he sets. That is not something that we would enforce. That is something that the developer and the management company that he selects would state.

VOICE: Let me get this straight. They are going to release notice as to the exact date that that tenant apartment is going to be [inaudible].

MS. MORALES: I am not going to say specifically what the range is, but they are given a couple of weeks' notice.

VOICE: I want to know who is [inaudible].

MS. MORALES: As far as the Department, again. The Department does not have a stake in this particular development. The developer, the applicant is coming through the Department to receive the tax credits and the issuance of those bonds. We the Department, we do not have a stake.

VOICE: Who has the authority? -- because the people have spoken. Who has authority to [inaudible].

MS. MORALES: Again, as I indicated, any public comment that you wish to submit, our governing board will be aware of whatever comments you wish to make. It is the Board's decision, it is their decision to make. They are the ones who can use their discretion to take into account a variety of factors in which to make their decision.

VOICE: [inaudible].

MS. MORALES: Some of the other issues that were raised have to do with the role of Section 8. What I can tell you is, that the role of, as far as having Section 8 vouchers reside in this particular complex. This is not a HUD property. It is not owned or operated by HUD. It is privately owned and privately managed.

Yes, there can be tenants with Section 8 vouchers who reside there. Just as, if you had a market-rate property and you had someone who showed up and wanted to rent, and they had a Section 8 voucher, even if it is a market-rate property, you cannot deny them the right to live there, if they meet all of those requirements.

But, again, I wanted to reiterate that this is not public housing. This is all privately owned and privately managed. Yes, sir.

MR. CALLEGARI: Excuse me. Let me just remind you, or make you aware that this is actually a federal project. And the TDHCA, although you may have some concerns about what they do, they are acting as an agent for the federal government.

So there are some things that they can do, and some things they can't. And you are right. Your concerns are that there are some things that we have no control over. I wish we could fix that; we have tried at various times.

It is very difficult. The main thing I want to tell you is, it is important that get your comments in to the department before December 4, because the Board does tend to look at those. It is also important that I know everybody can't be there, that a representative number of people from the community attend the meeting and make your comments.

You know, make your comments positive, but in a direction that is constructive. There were a lot of good comments about the concerns. Make those in a concise way for the Board. That is where you can have the most effect on the project, is to try to again -- for a representative number of you to be at the board hearing on December 14.

VOICE: You are talking specifically about the board meeting in Austin?

MR. CALLEGARI: Yes. The decision is made at the board meeting, and one of the problems that TDHCA has is as she indicated, they can only comment on the financial aspects of the proposal, the staff can. Any other decisions or considerations that are made are made by the board members, and they are a reflection of what they hear from the community.

VOICE: [inaudible].

MR. CALLEGARI: No, I understand that. But unfortunately that is the process.

(Crosstalk.)

MS. MORALES: What I would like to do is officially adjourn this hearing. The hearing is now adjourned, and the time is 8:15. With regards to -- yes, sir.

VOICE: I thought you said we were having a question-and-answer.

MS. MORALES: We are doing question-and-answer, but I have to officially adjourn the hearing, and then I am going to bring the developer up to answer specific questions that you have. I realize that we are not done. In fact, if you could please listen, if I could please have everyone's attention. It is a formality of this particular hearing that we have to officially adjourn the hearing. After we adjourn the hearing, which we failed to do so before I got up, the way the process works is we officially adjourn the hearing after we have received all the public comment, and then we go through and do the question and answer. I am not saying that this hearing is over; I am saying that we have to officially adjourn this hearing, and that is what I just did.

(Whereupon, the public hearing was adjourned.)

QUESTION-AND-ANSWER SESSION

MS. MORALES: It is just a formality. I can tell you that the court reporter is still recording. All of these comments are still going to be on the record. It is just a process that we have. Yes, sir.

VOICE: You mentioned that the developer is supposed to contact our elected officials. Why aren't the MUD district elected officials notified?

MS. MORALES: The way the rules state, is that they have to notify if it is an at large district, they notify all of the at large members of that particular area, as well as the county commissioner that represents that particular district. That is what is stated in our Qualified Allocation Plan.

VOICE: So elected officials within an area are not notified.

MS. MORALES: Elected officials, if it is located in the county, they are notified by the county commissioner that represents that district, depending on if the city council is district based, then they would notify the city council member that represents that district. And if it is at large, then they would notify all of them.

Are there any other questions as it pertains to the development? Yes, ma'am.

VOICE: [inaudible].

MS. MORALES: That is correct. All public comment, if you would like for it to be included in the board package, must be provided no later than December 4, because the board package will go up on December 7, I believe.

Again, I can tell you that the Department's Board specifically, they have a certain list of criteria that is located in our Qualified Allocation Plan which indicates all the different criteria that they can take into account when making their decision.

I cannot tell you what the opinion of the Board is. I cannot tell you. I don't have an opinion. I cannot tell you way board members make certain decisions that they do.

VOICE: [inaudible] other meetings that all this negative energy, more positive energy, with your experience, how many of these --

MS. MORALES: Again, I cannot comment on why board members make the decisions that they do. I do not know why board members vote the way that they do. All I can tell you is what the recommendation is by staff. And then also from there, what different factors the board can take into account. Yes, ma'am.

VOICE: I have one question. We heard from the lady who is actually is the manager of a complex. She came up. Millstone had over 200 cases reported basically the cases that we would get on these crime statistics are ones that they actually made; not the little bitty calls that they went out to run, but these were cases that were made. Over 200 calls last year at Millstone Bluff. So over 200 crimes where people were arrested and charged, convicted or not.

Out of those 200 plus calls Millstone allowed last year, how do you handle that once these people are already in the apartments? How often do they do a criminal background check? How often do they do the criminal background checks on the people that are in. What are the regulations regarding criminal background checks?

MS. MORALES: Again, all of those requirements is something that the developer sets. That is not a Department policy. So there are -- if there are not any other questions that pertain to the Department, then I would like to turn it over to the developer who can actually answer those questions for you. Yes, sir.

(Crosstalk.)

MS. MORALES: Again, please, I would like to take one comment at a time. Yes, sir.

VOICE: [inaudible] December 14 to get this product and the package done, get the project approved. I want to make sure I understand if the project is approved, that approval grants the developer the ability to have access to low interest bonds and also access to [inaudible].

MS. MORALES: On December 14, our Board is going to take action on the issuance or the allocation of the housing tax credit, as well as the issuance of Department activity bonds. If this particular transaction is approved, then at that point, we will move towards closing.

VOICE: My question is if your Board -- if your group's Departments do approval that triggers those kind of benefits. Is that correct?

MS. MORALES: The applicant will have to receive an approval from the TDHCA Board before they can move forward. That is correct.

VOICE: So now, if you approve this project, and they go forth and they get these, and then they breach the covenants somehow, how --

MS. MORALES: There are a series of things if a developer is found to be noncompliant as with regards to all of the compliance monitoring that our Department does.

There are a series -- obviously our Department gives the applicant the ability to correct whatever issues of noncompliance were found. In the event that the applicant does not, that breaches any kind of rules or regulations, there is a series of things than can happen.

One, a developer can be barred from participating in any of the other programs that the Department offers. Another would be, there would be a risk of recapture from the Internal Revenue Service on any of the housing tax credits that were claimed up to that point.

Another issue is that with this particular type of transaction, you have three different lenders involved. You have a construction lender that is responsible for getting the development built. You have a permanent lender. And then you also have a syndicator who is actually the limited partner or the owner of that particular development.

It is not in the developer's best interests to do anything that would allow that investor to lose the tax-exempt status on those bonds. The developer has the investor to answer to. So I would like to move on to some other, get some other questions answered? Yes, sir.

(Crosstalk.)

MS. MORALES: If the TDHCA Board approves this particular transaction, then there is no appeal process.

VOICE: No?

MS. MORALES: No.

VOICE: So go to Austin on the 14th, because that is when it all --

MS. MORALES: Sir, did you have a question?

VOICE: I am going to suggest to you all -- I see there is a police officer back there. I have been in this for 29 years. I have been a chief since 1993. I have never been contacted. Sarah Anderson is the first person that has ever contacted me about this. And I think that is due to pressure put on her.

Why doesn't your organization go to the emerging service districts, and ask them to get involved in this? This is vital. Like I said, my statistics are very conservative. Three times if I go to an apartment complex versus one to a single dwelling.

MS. MORALES: First of all, it is not a requirement of the program.

VOICE: [inaudible].

MS. MORALES: Then I would definitely encourage you to then submit comment to your elected official that represents your district to try to get legislation changed to require that that happens.

VOICE: Is it not simpler for your office to make some phone calls to the local emergency services?

MS. MORALES: Again, that is not the responsibility of the Department. It is the developer's responsibility to do that. And then when we have the public hearings, and when we solicit public comment, again, that is your opportunity to provide information to the Department as to what the potential impacts would be.

VOICE: [inaudible] concerned citizens contacted me asking if I could please come here to speak tonight. Your Agency, all respect to Mr. Callegari, did not contact me.

Citizens called me and asked. They asked if they could put a sign at the fire station. I said I cannot get involved in putting signs up at the fire station. If you do it, go ahead. And I made it very clear that when we respond to apartment dwellers, it does not matter to the Westlake Fire Department. We treat all people equally. But we do make it clear we respond three times to one time at a single dwelling.

MS. MORALES: Are there any other questions that pertain to the development before I turn it over to the developer and allow time for him to --

VOICE: [inaudible].

MS. MORALES: Yes, ma'am.

VOICE: And that is, you have referred several times to --

MS. MORALES: I would like to allow other individuals. Yes, ma'am.

VOICE: [inaudible] actually on site, as of every other year?

MS. MORALES: That is correct. There are onsite monitoring visits that occur every other year.

VOICE: I have just a question about that. How many audits do you have in the entire state?

MS. MORALES: We have approximately 15 monitors in our Compliance Division that monitor -- that is correct -- that cover the entire state.

VOICE: How much time do they actually spend on site?

MS. MORALES: You know, without actually working in the Compliance Division, I don't know the answer right now. But if you will send me an e-mail or give me a phone call, I can definitely put you in contact with someone in the Compliance Division who will be able to give you more specific information.

VOICE: Thank you.

MS. MORALES: Yes, sir.

VOICE: On behalf of all here, I would like to make one comment and ask one question. You all are a financial agency. Right?

MS. MORALES: I am sorry.

VOICE: You are a financial agency, in the generic term. You float the bond issue, get it approved. Get the guys money.

MS. MORALES: We are a conduit issuer of those bonds.

VOICE: That answers a number of questions. You are strictly administrative.

MS. MORALES: There are a number of housing finance corporations or entities that are given the authority by the Bond Review Board through the state to issue the private activity bonds. You have the different you have the various housing finance corporations that service just the local areas or an applicant can choose to go through the Texas Department of Housing to issue those bonds.

VOICE: But you are a conduit.

MS. MORALES: That is correct.

VOICE: The second part is, thank you for standing up there. You understand of course, this is not a [inaudible] grace and candor. Thank you.

MS. MORALES: Thank you very much.

(Applause.)

MS. MORALES: Are there any other questions that pertain to the Department? Yes, sir.

VOICE: Just one. We need to thank Bill Callegari for standing up for us again.

(Applause.)

MS. MORALES: Thank you. And I know that you do have a busy schedule and that whenever we conduct these public hearings we do thank you, all of the Representatives and State Senators who do show up to express their concerns. So we do appreciate you taking that time.

(Applause.)

MR. CALLEGARI: I do need to comment that these young ladies have tried to do their job, and sometimes it is real difficult for them, because some of the questions they just don’t have answers for, because the program has holes in it. We try to fix them, but it is a little difficult. So I do thank you all.

MS. MORALES: Thank you.

MS. ROTH: Thank you.

MS. MORALES: Are there any other questions that pertain to the Department? I would like to turn it over to the developer and allow them to answer some specific questions.

(Crosstalk.)

MS. MORALES: What specific question did you have?

VOICE: My question had to do with the follow-up once you approve a project. If an association of people get together and take it upon themselves to monitor whether the developer is in compliance with what they said they were going to do.

MS. MORALES: You are more than welcome to submit --

VOICE: If I could finish. And they believe there is some type of breach, does your Agency accept comments that you would investigate, and if that breach does in fact exist, revoke the tax-exempt status for the bonds?

MS. MORALES: There is a Complaince Division within our Compliance Division who, if you had any type of inquiries, or if you wanted to provide them with any type of information, you are more than welcome to present that information to them, and to the extent that they can --

VOICE: [inaudible] jeopardize the status of the bonds.

MS. MORALES: It depends on what that violation is. And again, because if an applicant is found to be noncompliant, they do have the opportunity to fix or resolve whatever issues were found, and then go back into compliance.

VOICE: Thank you.

MS. MORALES: Okay. At this time, I would like to turn it over to the development team to answer specific questions that came up as it relates to the actual development.

VOICE: [inaudible] club pretty much any time day or not, there is a minimum of two, out at all times. How many does your complex have?

MS. CAMPBELL: At the moment, we have two.

VOICE: At all times. Where were they Sunday?

MS. CAMPBELL: Yes. They walk the properties at different times, so it happens at random.

MS. McGLASHER: If you don't mind, I would like to answer that real quick. The officers at any community are called courtesy officers.

VOICE: [inaudible].

MS. McGLASHER: Our officers are courtesy officers, and there are two at each community.

VOICE: So they only respond when they are called?

MS. McGLASHER: That is correct. They respond for the community. For us.

VOICE: But they are not out patrolling at all times.

MS. McGLASHER: They are not out patrolling at all times. But they are out on the community.

VOICE: What are your regulations on gates?

MS. McGLASHER: Our gates are monitored constantly.

VOICE: Then why were they open on Sunday.

MS. McGLASHER: They malfunctioned at that particular time that you asked. I can't answer that specific question.

VOICE: Do you lock your gates back in the left hand corner> It was wide open. Trust me. I got out of my van and walked through two or three times. I completely was at home in your project, in your apartment complex for well in excess of an hour on Sunday morning. You know, I made myself at home.

I wasn't kidding about it. I actually went and I was driving a big old green monster van you could see ten miles coming. This thing is old and it is ugly. It looks like a turtle on wheels, and you can see it coming.

Nobody said anything to me. I saw people peek up and look. That was it. No big deal. And I could tell you about all the different little activity, and illegal parking and all the other things that were going on the complex.

MS. MCGLASHER: We are not there 24 hours a day. We do have a courtesy officer there. She does live onsite. She does live onsite.

MS. CAMPBELL: I do live onsite, and I actually have four or five staff members who live onsite, which does help me out some, because we can keep a closer eye on things. I did want to answer one of the questions, was our leasing criteria. The minimum for the income is 2-1/2 times the rent, which means, anywhere from a one-bedroom to a three-bedroom, they have to make at least $1,600 a month up to $2,000 a month. We do not take any lower than that. So it proves that they are making a steady income.

And I would like to let you know that for our community, we do look at it as a healthy community. As for myself, when I moved into the community, I met the income restrictions. I have five people in my family. I have three kids under the age of six. And we live there, and we have many families also who live there.

We come in at the income criteria, and after the first year, we do not have to qualify income restriction wise again. So that means, the second, third, fourth year that you live there, you can be making more money than is on that sheet.

So I have residents who have been living there for three years now who are making more money than is on there. My major turnover rate for moving out is for purchasing a home. Okay. And that is what happens.

VOICE: Two things. I think it would be helpful if we gave the microphone to the person asking the questions, because all we are hearing is hearing your answer. We are not hearing the question.

MS. CAMPBELL: We can repeat the question for you if that is okay. That would alleviate more time.

VOICE: Okay. The second thing -- and I don't know the answer to this. I would like to know why these projects are only built in middle-class neighborhoods.

MS. CAMPBELL: Do you know that answer?

MS. MCGLASHER: We can't answer that question.

(Crosstalk.)

MS. MORALES: One of the roles of the Department, one of its missions is not to concentrate affordable housing. One of the things again, that our Underwriting Division as well as our Board takes into account is the extent to which there is a concentration of either market-rate, multifamily developments, or affordable developments. So it is not our mission to concentrate affordable housing into any one particular area.

MS. McGLASHER: I just wanted to answer one quick question for you guys. I know you all were asking a lot about compliance and about monitoring. TDHCA is not the only people who monitor us and who are watching what we do.

Now, there is a lot of questions asked about the things [inaudible]. We are governed by the Fair Housing Act. Everything we do for one person, we have to do for every single person that is there.

So if one person, we can’t run a criminal check on somebody and not the next person who walks in the door. Driver’s license would be an affordability program. We do keep copies of their ID.

(Crosstalk.)

MS. McGLASHER: That is something that we do for every single resident who lives there. There is a sexual predator database. Every person who walks in that door goes through the sexual predator database. That is not something that is only done when they move in.

We are able to run by address on a website, and those are checked constantly. Just as in your neighborhood, if you have a neighbor who has moved somebody into their home, the same thing can happen to us, and we understand that. And we are very conscious about that.

But in addition to TDHCA, as she explained to you, there are syndicators of the tax credit bonds. They are out in our communities usually twice per year. Not only do they look at our files, but they are constantly walking, not only the community, but also the individual units.

The residents are not given a two week notice for that. We have to, by the lease agreement, give them a 24 hour notice that we are going to be inspecting their apartment home. That is per the lease agreement, that we must do. But that is not two weeks in advance. That is 24 hours. The people who are involved in our loans, they are also out inspecting our communities constantly.

The Federal Fair Housing Act, as we talked about, anyone who makes a complaint, it could be just a minor complaint, we have lots of entities to answer to. So it is not just TDHCA. Yes, they come out every two years.

We are given notification of the file audit. A notice is sent to the residents stating that they will be there. It is not a clear indication of which apartments they are going to walk. We don't know what apartment homes they are going to walk. It is a randomly selected process.

So it is not something that they just give us a two week notice, and we are going to notify residents. It is a very random selection. They normally spend a day at the community when they come out, looking at files, looking at our property. Looking at apartment homes.

This is something that we take very seriously. Our syndicators take very seriously. Our developers take very seriously.

VOICE: One of the speakers had made a comment that she went and she visited the apartment complex, and there was trash and this and that for example [inaudible]. They don't play around. They [inaudible].

You leave trash, all you have got to do is take [inaudible] and you are fined for every single bit of trash, and they [inaudible]. They don't play around for anything. [inaudible]. So in your apartment complex, it is less, right, because those people are low income. So do you all fine people?

MS. CAMPBELL: Yes, ma'am. I am on top of that all the time. Now, I do want to say that on Sundays -- the trash pickup is Fridays and Mondays, so Sunday is going to probably look a little bit worse around the dumpsters.

Because I live there, people get fined more, because I see it when they leave their trash out, and I see where their dogs are. And I see all that stuff. And they probably can't wait until I move. But we do move on that.

Also, what I wanted to say about the inspections, I do have a preventative maintenance plan. And what I have seen to over there is, I give them a week to let them know that I will be in there. And I don't give them an exact time. I will inspect their apartment for leaks and their air filter and your air filter and things like that, which allows me also to make sure we are in compliance with the state, and that we do not have any unauthorized occupants, because especially those people that are in there, I don't know who they are, and I don't like it.

VOICE: And how do you -- let's say, for example, I was to come use your pool. How could you know? -- because you can't personally remember every single person who lives there.

MS. CAMPBELL: Honestly, I know almost everyone in there. But I ask -- it doesn't matter who they are -- if they live there.

VOICE: [inaudible] and if they don't [inaudible] with that band, they are kicking you out.

MS. CAMPBELL: If they are not with the resident, I make them go and get the resident so that they are accompanied so they are accompanied guests.

Also real quick I want to let you know about the Section 8 program. On our property, I know you are concerned that it is a complete Section 8. We have that original criteria, the 2-1/2 times the rent.

The Section 8 people who come in with those vouchers must meet that criteria as well. If their voucher does not cover the rent, we are not able to accept the voucher. If it does cover the rent, then we can accept it. We have just to give you an idea, 48 out of 248 have Section 8 on our property.

(Crosstalk.)

MS. CAMPBELL: Excuse me. Say that one more time.

VOICE: I said, basically what you are saying is that of 252 people that meet your criteria, then if they present a voucher, then you are going to have a big project of Section 8.

MS. CAMPBELL: No, we can accept that, but they also have to meet the other criteria. In other words, unauthorized occupants are not accepted. And I do want to clarify, I can go to the courthouse and I can file eviction on someone who has had three lease violations or if they are not in compliance with the State.

I give them a 30-day notice to vacate or a three-day notice to vacate. And if I find anyone on the sexual predator list, they are required to be out on 24 hours.

(Crosstalk.)

VOICE: Have you evicted anybody?

MS. CAMPBELL: Yes, ma'am.

VOICE: So you dealt with Judge Odom?

MS. CAMPBELL: Correct. Oh, I am sorry. You are asking me if I have dealt -- if I have evicted anyone from Millstone, and I was saying yes.

VOICE: Are any of those for other than

nonpayment of rent?

MS. CAMPBELL: No.

VOICE: [inaudible]. You don't know the Judge.

MS. CAMPBELL: I have been there for two years.

VOICE: You have over 200 people that have been charged with crimes.

MS. CAMPBELL: No. I have the police reports. I have some with me, and I have all the police reports. No.

VOICE: [inaudible].

MS. CAMPBELL: To let you know.

VOICE: There was 169, well, 2006 --

MS. CAMPBELL: You are telling me about the police reports and how many there have been. What time?

VOICE: 239 people.

MS. CAMPBELL: Called in. Right?

VOICE: No. Not called in. Those are the ones that are signed and actually had something filed on them. I am not talking about no malicious pass-by driver. Welfare --

MS. CAMPBELL: Correct. If you look through those, most of those are domestic, and most of those are calling for a suspicious person, because I have them here also.

VOICE: I have them here. It is for various things.

MS. CAMPBELL: It says disturbance, noise; that is going to happen anywhere.

(Crosstalk.)

MS. MCGLASHER: Your question?

VOICE: I might be mistaken, but I believe that I heard the word discretion used in the beginning of this talk about criteria; that it was the owners' discretion to do background checks. Did you mean to use the word discretion?

MS. CAMPBELL: She is asking if we have discretion on our background checks. We do background checks on everyone yes, over the age of 18.

VOICE: Is it at the owners' discretion?

MS. CAMPBELL: Oh, no.

VOICE: It is mandatory.

(Crosstalk.)

MS. CAMPBELL: It is our management company.

MS. MCGLASHER: I am so sorry. Let me go ahead and clarify that. Once again, we are monitoring -- in addition to TDHCA, all of our syndicators as we spoke about, we are also monitored by the Federal Fair Housing Act.

That Act requires that if any person who comes in, every single person has to be treated exactly the same. The same background checks, the same birth criteria. Everything has to be equal.

That means if we decide that we are going to accept 2.5 times the rent, that is what we have to accept for everyone. If we are going to run a criminal background checks, every person has to have a criminal background check in their file.

We do not accept any felonies at all. Zero. Under the age of 18, criminals as you know, if it is a juvenile record, that is a sealed record. We are not allowed to know what is in sealed records. Ma'am, I can't answer a specific question on that.

VOICE: I mean, what are you doing about this all? Indecency with a child, assault, burglary, you know. I mean, come on.

(Crosstalk.)

MS. MCGLASHER: Once again, we go into eviction. Or we can go ahead and ask them to move. There is two different things. Actually physically filing, or asking someone to move out of the apartment complex.

VOICE: And if they refuse.

MS. MCGLASHER: I am sorry. If they refuse to move, we are going to do an eviction process.

VOICE: That takes a while.

MS. McGLASHER: It can take up to 60 days.

VOICE: [inaudible]. Violations for four different units. And you got that notice.

MS. CAMPBELL: No, ma'am. I have given them a notice to vacate.

VOICE: [inaudible].

MS. McGLASHER: But you can file.

(Crosstalk.)

MS. McGLASHER: And then if you look back at the management company, we are looking at who is living there. We are all going to give them a 30-day notice if they do not comply with our community policies: bottom line.

VOICE: What percentage of the units -- are they all going to be at low-income level, or are there any at market value?

MS. MCGLASHER: This is all 60 percent.

(Crosstalk.)

VOICE: You are all going to come, so why would someone want to live in a house that they had qualified and worked with, with the person living next to you paying $750. Those people are going to move out. Just [inaudible] more Section 8.

So for example, the four apartments we have that are market value, they are going to wind up [inaudible]. Those people paying $1,200 are going to move, and they are going to start finding more [inaudible] apartments.

So what are these four apartment buildings going to do? They are going to start lowering the rent. And then what is going to happen, you are going to get lower-class people moving in there, and the whole community is going to get sucked down dry.

(Crosstalk.)

VOICE: It may not be in [inaudible], but it will be in Katy within five years.

VOICE: It is like a disease and it starts to spread. Why is somebody going to pay full market price when they can get something for a lot less? You said it yourself. They only have to qualify the first year. So they can go quit your job; let’s move in there, and hey, we are good to go for four years.

MS. CAMPBELL: It does help a lot of people. It helped me and helped a lot of people who live there now. Regarding to the school district, that is the best school district ever.

(Crosstalk.)

MS. CAMPBELL: It is an opportunity.

VOICE: Opportunities can be other places besides Katy.

VOICE: Thank you.

(Applause.)

VOICE: Can I ask about your property?

MS. CAMPBELL: Sure.

VOICE: Went to look at other properties developed by this development. Don't get me wrong.

MS. CAMPBELL: Go ahead.

MS. MCGLASHER: We do. And she said that we do manage properties, like the senior Katy, next to us.

VOICE: My mother lives there. Wonderful. And you guys have a very professional resident management company. I have looked at affordable when I worked with this.

(Crosstalk.)

VOICE: [inaudible]. And she has gone and visited other properties. Do you manage all the properties?

MS. CAMPBELL: No, not all.

VOICE: Not all. Okay. The ones that she looked at, she brought back pictures of trash. The biggest one to me is the nonoperable security gate, when that is your only security measure, because you don't have onsite police control. Your only security measure is that entry gate, and it is not operable 24/7. What are you going to do when the surrounding residents in Westlake come and talk to you about that?

How are you going to be able to assure them that if this goes through and it is approved, that you guys are going to be on top of it, because you are not going to have time to get run down. Appearance and everything else. So it won't go over --

MS. McGLASHER: I was a homeowner for 15 years, so I understand totally where you are coming from. Divorced, living in an apartment. And I have been there for about three years.

So I totally understand what it is like here. One of the things I was telling you about this developer that we worked for, as a vice-president of a management company, I am the one that communicates.

I will tell you that this developer is very different, just like Mr. Richardson. We do a lot of work for as well. They are very different in the fact that they are very hands-on. I speak to them pretty much daily, if not two to three times a day.

Mr. Wright and Mr. Ford are known for showing up at our communities Sunday morning, Sunday evening. One of their big things is the gates. Okay. It is always our interest to keep those communities and especially those gates operational at all times.

Things happen from time to time, as they do in any neighborhood. And that is what this is. This is a neighborhood. It is 240 apartments: 240 homes in a small area. We understand that. It is always in our best interest to keep everything operational.

Things happen sometimes that we have no control over. Sometimes they have to wait until Mondays. And we do the best that we can. Just like any neighborhood would. And it is in our best interest to do that.

VOICE: I mean I was seeing the documentation that she brought forward, and that wasn't [inaudible]. Eight facilities, and five out of eight were bad. That was going to five and all five were bad.

(Crosstalk.)

VOICE: But either way, even if you are legitimate, we worked it under the table, they are disqualified from anything. Do you every question their driving vehicle to their eligibility. When you see --

(Crosstalk.)

MS. McGLASHER: They are to be recertified. Absolutely. They have to go through a recertification. The income is checked. If they are over the median income, after the first year, they are not asked to move. That is correct.

(Crosstalk.)

MS. ROTH: Please, we understand. We want to answer your questions.

VOICE: Well, I want to know how the developer and how he justifies [inaudible].

MS. ROTH: They want to know how you are justifying bringing in for the students. There is going to be an overcrowded issue.

MR. FORD: I wish I had a real good answer for that, and I really don't have it.

VOICE: Would you tell us who you are first?

MR. FORD: My name is Steve Ford.

(Crosstalk.)

MR. FORD: Let me answer this as best I can. It is partly answered with another question. If the Katy area is slated to grow by X amount -- you all have got all the numbers, and it is going to grow. And it is not going to grow in places you don't want it to grow, because this is not a nonzoned area, so you have a pretty good idea of where the retail is going to go. And you have a pretty good idea of where the subdivision is going to. But when there is this area in between -- and it is really going to be hard to say.

I know that right now, after about three phone calls, I heard that maybe there is going to be about five market-rate apartment complexes in this general area from the other side of the hospital to Grand Parkway tract, to one closer in, and one right not too far from here.

And I guess my big question is the affordable housing guy has to post signs and do notices, and hold hearings. Are the market-rate housing guys being treated the same way? And you could say, well, I am not notified. But again, it took me two phone calls to figure it out.

Those five apartment complexes, even though they are not going to create maybe many as kids as an affordable project, they are going to create way more total kids. And somehow the school district is going to figure out how to deal with that.

They are going to figure out how to deal with this brand-new subdivision going in down just north of Grand Parkway, north of here, that is slated right now for 10,000 homes; part in Cy-Fair, part in Katy. Excuse me one second.

And all I am saying is, at the end of the day, the school district has an obligation to education. I understand it. I worked with schools. I ran out of Cy-Fair, do all my services in the Cy-Fair. Spring does all my service in the Spring district. I work with HISD.

I will work with this man. This is a good man, right here. If we can do it. I will do whatever he needs done.

VOICE: [inaudible].

MR. FORD: And I understand. And that is one thing that Rep -- I understand. And Representative Callegari could maybe address the fact. The state law dictates how they tax my property. The taxing is done on income only, not on the cost of the project. But I am saying that is a state law. That is not my call. I mean, I didn't make that law. And so at the end of the day, I am facing a situation where I the state law dictates how I am taxed.

I totally agree. I know. Hang on. I am going to get the fire marshal over here. Sir, you can be calling it anything you want to, if I can make a trust here.

VOICE: My question is [inaudible] subdivision, it is going to create 10,000 homes, and create a full amount of tax base. Do you understand whether it is a apartment complex, or it is a low-income hell, or it is a facility for the elderly.

You are taxing the emergency services three times greater than you are a single house dwelling. Is that not understood? As a developer. And you can ask your manager right here. I did not know you were the developer of this complex. But you can ask your superintendent how helpful I was throughout the whole thing.

How many times that calls come up here, I go to there personally. As long as you make just a notice going to your residents. Or do like these residents do, pay a $3 voluntary donation to the emergency service district.

MR. FORD: I never even knew about it. I will not only pay a $3 donation; I will make it $5 and pay you five years in advance. I have no problem. And I can tell you this: If there is a water line to build, we will figure it out. We intend to sprinkle all the units and alarm the buildings.

VOICE: Still, to calculate the fire load and the water I need, it is very simple.

MR. FORD: And I have been told. I am not an engineer. I have been told by our engineer that worked with the MUD that that was an acceptable flooring.

VOICE: My concern is to the north side.

MR. FORD: I can't answer that, but I can assure you that if we don't have the flow rate, we won't build the apartment.

Yes, ma'am.

VOICE: Sir, I know you are a smart gentleman and I am not a dumb lady. Do you honestly expect our property values to increase after you build your apartment complex?

MR. FORD: You know, I don't know. I can't really predict anything about property values. But I know that historically I own 6,000 of these properties across the state. We have no real hard evidence, nor has the Homebuilders Association come up, that is the single family people come up with any hard evidence that we materially detract from property values.

Now if it happens, I am not going to say it won't any more than a K-Mart next door would, or a Wal-Mart or anything else that is allowed to deteriorate if it is.

I am going to give you a little background on us first. I started doing this in 1988. We did our first rehab actually in '93. We developed 6,000 apartment units from here, and Kerrville and Brenham and all over the state, Dallas-Fort Worth. We own about 3,000 units in Greater Houston.

We have never sold a property. I don't even know how you would sell a home because we are into them for so long. And I don't anticipate, because my daughter and son are both not only here, but in the business, that we will sell the properties.

Now, as to the properties that you visited, I am going to get to that, because I am going to see it. These ladies would love to see the list of the properties that you visited and look at the pictures, because if there are mattresses out and there is what you said going on in my properties, I will assure you that someone is getting fired, because I can tell you that I drive them all the time, and I haven't seen it.

It doesn't mean it didn't happen. If we see drug deals, we get in and take care of it. We have rewards to tenants for turning people in.

VOICE: I understand what you are saying. But in all honesty, if you have a drug dealer or a gang banger, most people will not turn them in, simply on the basis of the fact that they will beat the living you know what out of that family, and they have to stay. They may be one of your honest tenants, but they don't have anyplace else to go. They don't have that extra disposable cash income. They can't go anywhere else. Okay. But I have one other question. I am sorry.

We have asked Sarah Anderson at the meeting on Saturday if you had ever considered maybe, instead of bringing in apartment complex to our area, putting an industry in there, like maybe building a business building, a two- or three-story business office building. Had that ever crossed your mind?

MR. FORD: Actually, no. All I do is affordable housing. I don't do market housing. And I don't do -- and when you are in a nonzoned area, land, this is an interesting thing. It will generally gravitate to the highest and best use of that location.

When you move this across the road, and get to I-10 frontage, you are not going to see any apartments on I-10 for two reasons: one, noise and so forth, and the other thing is you can't afford to build on the land.

So the apartments are going to be somewhere in and around shopping centers where their tenant base is. They are slated to be -- I saw this the other day too, in one of the magazines, but nearly the whole of Grand Parkway, the southwest corner, there is one big car dealership. There is two or three other things slated there. The employment in that one little 130 acre area will probably be about 2,000, most of which are service jobs.

VOICE: [inaudible].

MR. FORD: The State says I can't concentrate, so I can't go down there.

(Crosstalk.)

MR. FORD: Well, let me tell you, if I go to there, they would love me too. They pretty much like me every where I go, in case you can't tell.

(Crosstalk.)

VOICE: I think you think we are opposed mostly to the fact that it is low income. We are opposed to another apartment complex.

MR. FORD: Trust me. In doing these hearings, you are absolutely correct. And part of the problem I think has to do with the way the rules are set up for me.

There was a lot of confusion here about what you can and can't do. And who do you contact? Who do you tell about? How do you know about the hearings and what do you do about meetings. Very unclear. Part of it is even unclear to me. I have no issue with anybody having opposition.

I am going to tell you that I don't think I have ever done a deal that didn't have opposition. I have gone into parts of this town that you would wonder why anyone would go there, and I had opposition. I didn't find out until later, it was because the people in opposition had rent houses. They were afraid that I was going to displace some of their tenants. But their opposition was just as valid.

But you know at the end of the day, this is not a done deal. This deal is not done. I can't get the fire issues worked out, it won't be done. You go down to the State and the Board says no, it is not done.

VOICE: The Board says no, but the Board thinks we are sitting here whistling Dixie.

MR. FORD: No. I don't think so.

VOICE: I'd like to ask my question. If you are turned down, are you going to be applying next cycle?

MR. FORD: No, I won't. But I will tell you this, I have already been approached by a market-rate apartment developer -- I don't do that work, so I wouldn't do it -- that wants to buy the land. He will build a market-rate apartment there.

Six years ago I went in and tried to apply for this tax-credit apartment on the west side of Sundown. I sat there. The opposition was staggering. The Board turned me down. I went away. This was six years ago, I guess.

But I told everybody, I said, that is an apartment site; it is not single family. It is not configured for it. And I said we were going to do 200 units. We worked with the neighborhood that said, we will offset no three-stories back on the back fence, so we are not looking in. We cut our density down to a certain level. And you know we lost.

We went away. A Canadian group came in, they didn't have any rules, and they built 320 units there. I suggest that the impact of 200 affordable units is not as great as 320 market units, except from a tax perspective. But they still put a bunch of kids in the school.

VOICE: This area is already oversaturated with multifamily apartment complexes. And yes, like I said, I know. I live with three [inaudible]. But do you only do the subsidized ones. So you lose this, you move on.

MR. FORD: I am gone. Let me tell you, that is not a threat I have ever used anyhow. That is not my game. Excuse me.

VOICE: How many units have you built in your own neighborhood?

MR. FORD: Well, actually, I am in Spring Branch, and believe it or not, everything over there is only rehabbable. And I am trying to do one now that is probably I would say a good three wood from my house.

And you know, again, you could say it is all the management. People can tell you there are good properties and bad. I have never had a good property with bad management or a bad property with good management. It is all about that. And these you really have got to stay on top of. They don't just accidently take care of themselves.

Yes, ma'am.

VOICE: I understand that a lot of [inaudible] is going to happen no matter what type of apartment complex we are talking about. If there is an apartment complex, we have been talking about it. Concentrated. [inaudible].

However, I would beg to differ with you, Mr. Ford, that there isn't a vast difference between opening a market-value apartment complex and a subsidized complex as to how it affects particularly certain neighborhoods, and this is one of them. All right.

And one of the ways it is going to hit us the hardest is the schools. The tax base is a major issue.

Part of what a lot of people don't seem understand, except those caring moms with their children there, is that when you are away servicing a school that is so heavily special programmed already with kids that are -- they are the superset of this school already receives some subsidy, like free lunches.

Anyway, when you already have that in place and you come in and you want to bring another multifamily development that is going to bring more children to live to go to school, than most, per unit than most other market value apartments will. Even if we are just talking kids here, that is a known fact. You will put more children per unit into this school than a market-value apartment complex will.

Plus those children are not welcome. I volunteered at this school for twelve years, and I have nothing against helping kids, but those children would come with a lot of needs that this school is already servicing a huge percentage of students that are poor.

Add to that and it puts a great strain on the school. Add to that we want to add 100 more children who will have the same needs. You cannot ignore that and say it is the same thing. It is like comparing apples to oranges.

It is not the same as taking the complex, setting it down in another part of Katy, where the schools that those children will be attending are not already 60 percent low income and already taxed to the max. It is not the same thing, sir. And any of us coming in here --

MR. FORD: So you are saying it is about the affordable and not the apartments.

VOICE: Yes, for me. And I will stand up and tell that to anybody. And if they want to think that that makes me uncharitable or that I look down my nose at somebody who is struggling, that is not true.

I don't have a lot of money. I don't care how much money you make. All I know is that this school and a lot of [inaudible] a lot of those type of children, and asking this neighborhood to support the children in school and support through our taxes to subsidize other people's you know, well, somebody else should be paying.

But we will be paying because it is low-income housing. It is unfair in every sense of the word. Now, I understand that this isn't fair to you. But I understand that. But I am saying that is the reason that you are getting some of the opposition that you are hearing.

But I am not sure if that would remain true, that it gets through to you that you understand that there are certain schools in certain communities where these specifics are in play already. And you are overloading the system that is already overloaded. If you went down the road somewhere else, you would not be facing -- the people there would not be facing the same type of issues.

MR. FORD: I beg to differ. I face it every place I go. I don't care what part of any town I go to. But there is a problem. It doesn't matter whether it is in the rural areas or not.

The tax system, in my opinion, is a failed system. And the more they move this system, in my opinion to an income-based system or to a value-added system or something else, the more the schools will not have to depend on property value. But it doesn't matter where I go.

I could go down to the Fifth Ward, and they are going to say, you are overcrowding the schools. And you are going to say, well, you are bringing in people who are underprivileged. This group is Hispanic and we are not, so therefore.

You know, they don't speak English. They have got to have multilingual. It doesn't matter where. The issue is either there is a program to take care of the working people that don't make enough income or there is not.

And everybody, I don't care where it is, still says the same thing. I have nothing against it, just not here. And I hear it across the board. Yes, sir.

VOICE: Who are you doing this for? For the community or yourself?

MR. FORD: Well, I will have to tell you, I am a for-profit developer, but sometimes there is not a lot of profit in it. But no. I will tell you there is two reasons I am doing it.

One is I look at my map over here, and I see the total amount of affordable housing in this greater area. This is the lowest concentration in Harris County. Now, that may mean it is still way too much for you all.

But I am just telling you that one of the reasons I am out here is I own the property, and I know what the demand is. If the retail growth along the I-10 corridor stays like it is, and if the retailers come in, you are going to have more employment base than you have housing for the people who can afford housing.

Now, I looked at the Sundown tax rolls. A lot of $80,000 houses, a lot of 90-, a lot of 70-. You have got a lot of houses in that area that are taxed -- very few -- I mean, the ones that I saw, I probably didn't count half of them is homesteaded. That means, at least on the area that backs up to our apartment, a ton of rental properties.

Well, let me say this -- there is a lot of families living in those houses, I will tell you. And you talk about their going and taking pictures. I did too. And there is three and four trucks in front of a 1,300-square-foot house. I don't know the math, but I can tell you that means more people.

VOICE: What do you mean, three or four trucks in front of the house?

MR. FORD: I am talking about there are three or four trucks that are parked at the house. So if there is three or four trucks at the house, there has got to be at least three or four driving individuals that live at the house.

(Crosstalk.)

MR. FORD: You don't think there is a lot of rental property in there? You don't believe it?

(Crosstalk.)

MR. FORD: You are absolutely correct. That is true.

(Crosstalk.)

VOICE: The population of Sundown subdivision is more than 55 percent Hispanic at this point in time, but the rental rate in that neighborhood is less than 16 percent.

MR. FORD: I notice I had one advocate here. That is actually one more than I have ever had at one of these, by the way. I think they are going to run us off. We are about five minutes past time.

VOICE: You are spending $15 million?

MR. FORD: No. Actually it is $28 million.

VOICE: Will it have that value the day you open the doors?

MR. FORD: I can't tell you what it will be, but it will be probably be somewhere around 7 to 10 million.

VOICE: And then you will have it appraised at what?

MR. FORD: No. I think at the end of the day seven to ten is where it will settle on the tax rolls for. That is what I am guessing

(Crosstalk.)

MR. FORD: Let me say this. According to my taxes, they have never dropped. I fight them every year, just to try to keep them close to the same, because our income ranges are so low for profit. If they went up $100 a door, I am broke.

I mean, I wish this thing made as much money as everybody thought it did, because with 6,000 units I would not be here tonight. I would be in Jamaica or someplace having fun.

VOICE: Yes. But maybe the tax rate went up, so you are paying the same price, but you have got a property lowered by the [inaudible].

MR. FORD: The tax rates haven't gone up a lot period because they capped out.

VOICE: I mean, I pulled your tax rolls off of your property.

MR. FORD: Right.

VOICE: You have property there you got reduced from '05 to '06 by 1.2 million.

MR. FORD: If I did, I don't know about it. I will be honest. I don't get that to happen a lot. I pay tax consultants to help me with everything I got here, and then my insurance just went up $100 a door, so the tax savings went away.

(Crosstalk.)

MR. FORD: But how much down. Are you talking nickle -- I am sorry. Uh-oh. I think we are out of

time. I will send you this guy. He is pretty good.

(Crosstalk.)

MR. FORD: See, I was thinking that Chris Richardson over here, since he is paying full taxes and not impacting the school at all, we could kind of add his taxes to mine and get real close to a market-rate apartment in taxes. That is not going to work. I am just trying to do a little out-of-the-box thinking up here. Okay.

VOICE: [inaudible].

MR. FORD: I knew I didn't like that guy for some reason. Thank you. Let me tell you, it is all up to the State. I can't tell you if it will take 1,000 or 100 or 50. If they feel in the wrong mood, they will dump you.

(Whereupon, the hearing was concluded.)

C E R T I F I C A T E

IN RE: Lancaster Apartments

LOCATION: Katy, Texas

DATE: November 8, 2006

I do hereby certify that the foregoing pages, numbers 1 through 133, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Stacey Harris before the Texas Department of Housing & Community Affairs.

11/15/2006

(Transcriber) (Date)

On the Record Reporting
3307 Northland, Suite 315
Austin, Texas 78731

TEXAS HOUSE OF REPRESENTATIVES

CAPITOL OFFICE:
P.O. Box 2910
Austin, Texas 78768-2910
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(512) 463-7820 Fax

DISTRICT OFFICE:
1550 Foxlake Dr., Ste 114
Houston, Texas, 77084
(281) 578-8484
Fax (281) 578-1674

BILL CALLEGARI
STATE REPRESENTATIVE

8 November 2006

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

Dear Mr. Gerber,

My office has received notice with regard to the proposed Lancaster Apartments affordable housing development (#060628). As I understand, this tax-exempt bond development would add 252 low income housing units in my district, Texas House District 132. At this point I wish to state my opposition to the development.

The Katy Independent School District (KISD) has voiced opposition to the proposed development. In particular, KISD anticipates that the proposed development would add upwards of 171 students, 111 of which could be of elementary age. This surge in population would, as the District points out in its 12 July letter to Robbye Meyer, place an additional burden on its already strained fiscal and enrollment capacity. Given this, I am inclined to side with KISD, and join their opposition to the proposed Lancaster Apartments development.

On another note, while I appreciate the developer's recent efforts to inform the community of this project, I sincerely wish this effort had been made earlier than it apparently was. I firmly believe that in order for any development to work in my district, the affected communities must be informed well ahead of time. In addition, I believe it best that the community be given a better opportunity to both learn of the project's intent and provide their input on how it may affect their area. Lastly, while the neighborhood association in which this project is to be located was contacted early in the process, I think it would be helpful to contact other local subdivisions and organizations in the future.

Thank you for providing me the opportunity to provide input on this matter. Again, I oppose the proposed Lancaster Apartments housing development. I would welcome the opportunity to discuss this matter with you further.

Sincerely,

W.A. Callegari

W.A. Callegari

E-Mail: bill.callegari@house.state.tx.us

KATY

Katy Independent School District

Leonard E. Merrell, Ed.D.
SUPERINTENDENT

November 14, 2006

NOV 17 2006

Ms. Teresa Morales
Texas Department of Housing and Community Affairs
221 East 11th Street
Post Office Box 13941
Austin, Texas 78711-3941

Re: Proposed Lancaster Apartment Development
Development Number 060628

Dear Ms. Morales:

With reference to my earlier letter dated July 12, 2006, identifying our strong opposition to the Lancaster Apartment Complex, I would like to reiterate our position as the December 14 Board Meeting approaches, at which time a decision will be made.

Katy ISD, State Representative Bill Callegari, along with a very large emotional and concerned group of citizens, voiced strong opposition to the proposal at the public hearing held on November 8 at Sundown Elementary School. School over crowding, safety, and security concerns were identified.

This apartment complex will be extremely detrimental to the educational well being of our students at already crowded facilities. The schools impacted at the elementary and secondary level are crowded and are serving many fragile special needs students in special programs. At Sundown Elementary School, for example, the projected 100 plus students generated by the Lancaster Development will increase the enrollment by over 12% adding to the current enrollment of 772. The School District does not have the resources and the school does not have the facilities to serve the students. With the tremendous growth occurring in Katy ISD, all schools are scheduled to be full as growth occurs.

I implore the TDHCA Board to recognize the negative impact that this development will have on a fragile and needy group of students, and reject this application.

Katy ISD is prepared to speak at the December 14 Board Meeting in order to ensure that our concerns are fully understood.

Your rejection of this application will assist our District in being able to serve the needs of our students and specifically those in special programs requiring more personalized attention.

As stated in the July 12 letter, these developments generate far more students than a typical apartment complex. The School District cannot support this type of enrollment and provide students with the support they need. This type of development would be better located in a District and area where growth is minimal, special programs are few, and space exists.

Beyond the educational burden, there is a financial burden to our District since the State does not provide financial support to compensate for the increased student population. We also expect to lose tax funding due to valuation difference between this type of development and a standard apartment development.

Thank you for the opportunity to state our opinion. On behalf of our students and community we make this plea to not approve but to reject this application. Please ensure that the TDHCA Board is made aware of our concerns.

Sincerely,

Leonard Merrell

Leonard E. Merrell, Ed.D.
Superintendent

Cc: The Honorable Bill Callegari, House of Representatives
The Honorable Glenn Hegar, House of Representatives
Mr. Steve Pustejovsky/Principal, Sundown Elementary
Ms. Becky Bracewell/Principal, Morton Ranch Junior High
Mr. Joe Cammarata/Principal, Morton Ranch High
Mr. Scott Dunlap, Energy Management Coordinator/Demographics Assistant

LJ Services Property Management

December 1, 2006

TDHCA
Teresa Morales
Multifamily Bond Administrator
P. O. Box 13941
507 Sabine, Suite 700
Austin, TX. 78711-3941

DEC 04 2006

Re: Lancaster Apartments
Proposed Development

Dear Ms. Morales,

I have enclosed 319 signatures on a petition, in OPPOSITION to the proposed Lancaster Apartments. I have also enclosed a letter of OPPOSITION from an adjacent property / business owner. I would like for these items to be included in the TDHCA Board packet for their review.

We greatly appreciate your presence and information provided at the meeting that was held in Katy, TX on November 8th. As you can see the surrounding communities are in complete OPPOSITION to this proposed project, primarily due to the over burden it will put on the area schools that will service this proposed development.

We look forward to seeing you again as well as having our opportunity to speak directly to the TDHCA Board of Directors on December 14th. Please be aware that we will be there in large numbers to express our concerns and Opposition directly to the TDHCA Board of Directors.

Sincerely,

L. Whisenhunt

Leta Whisenhunt
Sundown Resident

P.O. Box 6406 • Katy, Texas 77491 • (281) 646-1130 • Fax: (281) 398-2522 • Email: ljservices@houston.rr.com

TXInsurance

877-264-0777 (toll-free) 281-599-3441 (local) 281-579-3244 (fax)
WWW.TXINSURANCE.COM JOE@TXINSURANCE.COM
1830 Snake River Rd. Suite A Katy, TX 77449

TDHCA,

Please accept this email as my STRONG opposition to any LOW INCOME housing at Park row and Snake River Rd.

This is a booming commercial area with significant investments in the area that will LOSE property value should this project continue.

This is completely unacceptable and must be stopped.

As a business owner, employer, and investor in this area - I can assure you allowing this development will face strong opposition and is completely unacceptable.

Thank you,

11/27/06

Joseph Stevens
TXINSURANCE.COM AGENCY LLC
1830 SNAKE RIVER RD.
SUITE A
KATY, TX 77449

281-599-3441

319

Petition For Lancaster Apartments, L. P. - Series 2006

Reason for Oppositon:

I oppose the proposed development of the Lancaster Apartments, L.P., a 252 unit, multi-family, low-income apartments complex, adjacent to my residential community because of the overwhelming burden it will place on our area schools, fire and emergency medical services.

By signing this petition I state that I agree with the reason for Opposition, I reside at the address stated below and I am of Legal voting age.

	Printed Name	Signature	Street Address	Zip Code	Telephone
1	Terry Miller	[illegible]	20031 N. Pecos Valley Trail Katy Tx	77449	281-492-8185
2	Mark Miller	Mark Miller	20031 N. Pecos Valley Trail Katy Tx	77449	281-492-8185
3	Jaime DelaTorre	[illegible]	20035 N Pecos Valley Trail Valle...	77449	281 578 9816
4	Toni DelaTorre	Toni DelaTorre	20035 N PecosValley Trail. Katy TX	77449	281 578 9816
5	Bruce [illegible]	[illegible]	20015 N Pecos Katy Tx	77449	—
6	Judy Troxler	Judy Troxler	20038 N. PecosValley Tr. Katy TX	77449	281-578-9271
7	Cesar DelaGarza	[illegible]	20026 N. Pecos Valley Katy Tx	77449	281-579-3545
8	Jeff Copeland	Jeff Copeland	4835 Shadow Grass Dr. Katy TX	77493	(713) 858-5493
9	Marcus Thomas	Marcus Thomas	14623 Meredith Gate Circle Hou, TX	77044	(713) 899-2174
10	Sylvia Cantu	S Cantu	20014 N Pecos ValleyTrl Katy TX	77449	(281)398-4067
11	Glenn A. DelaGarza	Glenn A De la Garza	20026 N Pecos Valley Katy TX	77449	(281) 579-3545
12	Sandra Duncan	Sandra Duncan	20022 North Pecos Valley Trl	77449	281 829-2076
13	Brianna Vesper	[illegible]	19939 Gatling ct, katy tx ~~[illegible]~~	77449	832 452 0363
14	L. Lundgren	L Lundgren	19939 Gatling Ct, Katy	77449	281-599-9803
15	Fred Lindgren	[illegible]	19939 Gatling ct, Katy	77449	281 599-9800
16	Laura de la Garza	[illegible]	20026 N-Pecos Valley Katy Tx.	77449	281-579-3545.
17	Eric D. Stone	Eric D Stone	19939 Gatling Ct, Katy TX	77449	832-640-5168
18	Mike Lundgren	Mike Lundgren	112 Allison Cove, Elgin TX	78621	(512) 845-1071
19	Eden Vesper	Eden Vesper	1103 Bernard #424 Denton Tx	76201	832-452-0163
20	[illegible] Lundgren	[illegible]	16800 City Line Rd Elgin	78621	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

REQUEST FOR BOARD ACTION
Multifamily Finance Production

Private Activity Bond Program – Waiting List

2 Priority 2 Applications for 2007 Waiting List
1 Priority 3 Application for 2007 Waiting List

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

December 14, 2006

Action Item

Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007.

Requested Action

Approve, amend or deny the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2007 Private Activity Bond Program for three (3) applications.

Background

Each year, the State of Texas is notified of the allocation amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately $402 million is set aside for multifamily until August 15th for the 2007 bond program year. TDHCA has a set aside of approximately $81 million available for new 2007 applications. The Waiting List applications will be submitted to the Texas Bond Review Board on or before January 3, 2007.

Inducement Resolution 06-048 includes three (3) applications that were received on or before November 16, 2006. These applications will reserve approximately $37 million in 2007 state volume cap. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2007 Waiting List. The Board has previously approved two applications for the 2007 program year. Approval of the inducement resolution, however, does not assure that the development will ultimately receive approval for a Housing Tax Credit Determination or the Issuance of Private Activity Bonds. Maps for all three (3) properties are included in this presentation.

Terraces at Cibolo – The proposed new construction development will be located at approximately the 100 block of Fabra Street, Boerne, Kendall County. Demographics for the census tract (9703.00) include AMFI of $76,357; the percent of the population that is below the poverty line is 5.07%; the total population is 6,811; the percent of the population that is minority is 15.72%; the number of owner occupied units is 2,143; number of renter occupied units is 348; and the number of vacant units is 198. (Census Information from FFIEC Geocoding for 2006).

Public Comment: The Department has received one letter of support from Senator Jeff Wentworth and no letters of opposition.

Summit Pointe Apartments - The proposed acquisition and rehabilitation development will be located at 333 Uvalde Road, Houston, Harris County. Demographics for the census tract (2330.00) include AMFI of $68,195; the percent of the population that is below the poverty line is 10.29%; the total population is 10,349; the percent of the population that is minority is 56.83%; the number of owner occupied units is 2,430; number of renter occupied units is 1,008; and the number of vacant units is 178. (Census Information from FFIEC Geocoding for 2006).

Public Comment: The Department has received no letters of support or opposition.

Santora Villas - The proposed new construction development will be located at approximately 1805 Frontier Valley Drive, Austin, Travis County. Demographics for the census tract (23.12) include AMFI of $33,449; the percent of the population that is below the poverty line is 26.64%; the total population is 4,077; the percent of the population that is minority is 92.22%; the number of owner occupied units is 754; number of renter occupied units is 367; and the number of vacant units is 44. (Census Information from FFIEC Geocoding for 2006).

Public Comment: The Department has received no letters of support or opposition

Recommendation

Staff recommends the Board approve the Inducement Resolution as presented. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.

Texas Department of Housing and Community Affairs

2007 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount		Developer Information	Comments
07604	Terraces at Cibolo	150	$	10,000,000	Boerne Terraces at Cibolo Apartments, L.P.	Recommend
	100 Block of Fabra Street				G. Granger MacDonald	
Priority 2	City: Boerne	Elderly	Score - 49		2951 Fall Creek Road	
	County: Kendall				Kerrville, TX 78028	
	New Construction				830-257-5323	
07605	Summit Point Apartments	291	$	12,000,000	Summit Point Apartments, Ltd.	Recommend
	333 Uvalde Road				Hunter McKenzie	
Priority 3	City: Houston	General	Score - 80		105 Tallapoosa Street, Suite 300	
	County: Harris				Montgomery, AL 36104	
	Acquisition/Rehabilitation				334-954-4458	
07606	Santora Villas	220	$	15,000,000	Santora Villas, L.P.	Recommend
	1805 Frontier Valley Drive				Uwe Nahuina	
Priority 2	City: Austin	General	Score - 52		9109 Balcones Club Drive	
	County: Travis				Austin, Texas 78750	
	New Construction				512-219-9500	
Totals for Recommended Applications		**661**	**$**	**37,000,000**		

RESOLUTION NO. 06-048

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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

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

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development as more fully described in Exhibit A will consist of the ownership entity and its principals or a related person (each an "Owner" and collectively, the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Development and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Development from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the "Board") pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Development an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

(a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the financing of each Development is a public purpose and will provide a public benefit;

(d) each Owner is financially responsible; and

(e) each Development will be undertaken within the authority granted by the Act to the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of each respective Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of its Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Development and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2007 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State of the State of Texas (the "Secretary of State") and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 14th day of December, 2006.

[SEAL]

By:__/s/ Elizabeth Anderson____________________
Elizabeth Anderson, Chair

Attest:_/s/ Kevin Hamby__________________
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Summit Point Apartments	Summit Point Apartments, Ltd., to be formed, or other entity	Summit America Properties XXXI, Inc., to be formed, or other entity, a principal of which will be Summit America Properties, Inc.	$12,000,000
Costs: (i) acquisition of real property located at 333 Uvalde Road, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 291-unit multifamily residential rental housing project, in the amount not to exceed $12,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Santora Villas	Santora Villas LP, to be formed, or other entity	Santora Villas GP, LLC, to be formed, or other entity, the principal of which will be Terra Marquis, LLC	$15,000,000
Costs: (i) acquisition of real property located at 1805 Frontier Valley Drive, Austin, Travis County, Texas; and (ii) the construction thereon of an approximately 220-unit multifamily residential rental housing project, in the amount not to exceed $15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Terraces at Cibolo	Boerne Terraces at Cibolo Apartments, L.P., to be formed, or other entity	Boerne Terraces at Cibolo Developers, L.L.C., to be formed, or other entity, the principals of which will be G. G. MacDonald, Inc. and/or Resolution Real Estate Services, L.L.C.	$10,000,000
Costs: (i) acquisition of real property located at the 100 block of Fabra Road, Boerne, Kendall County, Texas; and (ii) the construction thereon of an approximately 150-unit multifamily residential rental housing project, in the amount not to exceed $10,000,000.			

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Terraces at Cibilo, Boerne, TDHCA #07604, Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	72	$ 712	826	0.86
60% AMI	2BD/2BA	78	$ 841	1,079	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		150	$ 1,402,344	143,634	$ 0.81
Averages			$ 779	958	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,275,000	$ 8,500	$ 8.88	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,275,000	$ 8,500	$ 8.88	0.08
Sitework	1,124,500	7,497	7.83	0.07
Hard Construction Costs	6,696,900	44,646	46.62	0.45
General Requirements (6%)	469,284	3,129	3.27	0.03
Contractor's Overhead (2%)	156,428	1,043	1.09	0.01
Contractor's Profit (6%)	469,284	3,129	3.27	0.03
Construction Contingency	391,070	2,607	2.72	0.03
Subtotal Construction	$ 9,307,466	$ 62,050	$ 64.80	0.62
Indirect Construction	440,000	2,933	3.06	0.03
Developer's Fee	1,626,704	10,845	11.33	0.11
Financing	2,226,496	14,843	15.50	0.15
Reserves	150,000	1,000	1.04	0.01
Subtotal Other Costs	$ 4,443,200	$ 29,621	$ 31	$ 0
Total Uses	$ 15,025,666	$ 100,171	$ 104.61	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 5,220,005	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 8,700,000	6.00%	30	$ 625,931
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 568,327	34.9%	$1,058,377	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 537,334	GIC		$ -
Total Sources	$ 15,025,666			$ 625,931

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 5,220,005	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 8,700,000	6.00%	30	$ 625,931
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 568,327	34.9%	$ 1,058,377	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 537,334			$ -
Total Sources	$ 15,025,666			$ 625,931

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$208,114	$1.45	
Other Income & Loss		27,000	0.19	180
Vacancy & Collection	45.20%	106,260	0.74	708
Effective Gross Income		$341,374	2.38	2,276
Total Operating Expenses		$558,820	$3.89	$3,725
Net Operating Income		($217,446)	($1.51)	($1,450)
Debt Service		625,931	4.36	4,173
Net Cash Flow		($843,377)	($5.87)	($5,623)
Debt Coverage Ratio		-0.35		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		($843,377)	($5.87)	($5,623)
DCR after TDHCA Fees		-0.35		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		84.48%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,402,344	$9.76	
Other Income & Loss		27,000	0.19	180
Vacancy & Collection	7.50%	(107,201)	-0.75	-715
Effective Gross Income		1,322,143	9.20	8,814
Total Operating Expenses	43.1%	$570,000	$3.97	$3,800
Net Operating Income		$752,143	$5.24	$5,014
Debt Service		625,931	4.36	4,173
Net Cash Flow		$126,212	$0.88	$841
Debt Coverage Ratio		1.20		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$126,212	$0.88	$841
DCR after TDHCA Fees		1.20		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		85.28%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$50,400	0.35	336
Management Fees	52,420	0.36	349
Payroll, Payroll Tax & Employee Exp.	147,600	1.03	984
Maintenance/Repairs	61,400	0.43	409
Utilities	73,000	0.51	487
Property Insurance	42,000	0.29	280
Property Taxes	90,000	0.63	600
Replacement Reserves	30,000	0.21	200
Other Expenses	12,000	0.08	80
Total Expenses	$558,820	$3.89	$3,725

Staff Notes/Comments

Other expenses = suppotive services contract fee and compliance fee.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Summit Point Apartments, Houston, TDHCA #07605, Priority 3

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	22	$ 525	735	0.71
60% AMI	1BD/1BA	22	$ 525	800	0.66
60% AMI	2BD/1BA	52	$ 592	996	0.59
60% AMI	2BD/1.5BA	82	$ 598	1,013	0.59
60% AMI	2BD/1.5BA	6	$ 633	1,013	0.62
60% AMI	2BD/2BA	15	$ 612	1,000	0.61
60% AMI	2BD/2BA	2	$ 603	1,000	0.60
60% AMI	2BD/2BA	11	$ 627	1,000	0.63
60% AMI	3BD/2BA	19	$ 670	1,233	0.54
60% AMI	3BD/2BA	23	$ 670	1,245	0.54
60% AMI	3BD/2BA	4	$ 693	1,245	0.56
60% AMI	3BD/2.5BA	2	741	1,380	0.54
60% AMI	4BD/2BA	2	811	1,583	0.51
MR	1BD/1BA	2	525	735	0.71
MR	1BD/1BA	2	525	800	0.66
MR	2BD/1BA	5	592	996	0.59
MR	2BD/1.5BA	9	598	1013	0.59
MR	2BD/1.5BA	1	633	1013	0.62
MR	2BD/2BA	2	612	1000	0.61
MR	2BD/2BA	1	603	1000	0.60
MR	2BD/2BA	1	627	1000	0.63
MR	3BD/2BA	3	670	1233	0.54
MR	3BD/2BA	2	670	1245	0.54
MR	3BD/2BA	1	693	1245	0.56
Totals		291	$ 2,107,068	295,288	$ 0.59
Averages			$ 603	1,015	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 7,844,000	$ 26,955	$ 26.56	0.42
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 7,844,000	$ 26,955	$ 26.56	0.42
Sitework	0	0	0.00	0.00
Hard Construction Costs	5,820,000	20,000	19.71	0.31
General Requirements (6%)	349,200	1,200	1.18	0.02
Contractor's Overhead (2%)	116,400	400	0.39	0.01
Contractor's Profit (6%)	349,200	1,200	1.18	0.02
Construction Contingency	174,600	600	0.59	0.01
Subtotal Construction	$ 6,809,400	$ 23,400	$ 23.06	0.36
Indirect Construction	441,000	1,515	1.49	0.02
Developer's Fee	1,585,250	5,448	5.37	0.08
Financing	1,481,436	5,091	5.02	0.08
Reserves	730,948	2,512	2.48	0.04
Subtotal Other Costs	$ 4,238,634	$ 14,566	$ 14	$ 0
Total Uses	$ 18,892,034	$ 64,921	$ 63.98	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 4,912,149	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,600,000	6.75%	40	$ 839,873
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,519,167	95.8%	$66,083	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 45,918	Cash Equity		$ -
Total Sources	$ 18,077,234			$ 839,873

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 4,912,149	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 10,411,652	6.00%	30	$ 749,077
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,268,200	80.0%	$ 317,050	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 45,918			$ -
Total Sources	$ 18,892,034			$ 749,077

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,107,068	$7.14	
Other Income & Loss		52,380	0.18	180
Vacancy & Collection	12.43%	268,398	0.91	922
Effective Gross Income		$2,427,846	8.22	8,343
Total Operating Expenses		$1,174,157	$3.98	$4,035
Net Operating Income		$1,253,689	$4.25	$4,308
Debt Service		839,873	2.84	2,886
Net Cash Flow		$413,816	$1.40	$1,422
Debt Coverage Ratio		1.49		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$413,816	$1.40	$1,422
DCR after TDHCA Fees		1.49		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		95.58%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,107,068	$7.14	
Other Income & Loss		52,380	0.18	180
Vacancy & Collection	7.50%	(161,959)	-0.55	-557
Effective Gross Income		1,997,489	6.76	6,864
Total Operating Expenses	58.8%	$1,174,157	$3.98	$4,035
Net Operating Income		$823,332	$2.79	$2,829
Debt Service		749,077	2.54	2,574
Net Cash Flow		$74,255	$0.25	$255
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$74,255	$0.25	$255
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.54		
Break-even Occupancy		91.28%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$48,500	0.16	167
Management Fees	74,165	0.25	255
Payroll, Payroll Tax & Employee Exp.	257,000	0.87	883
Maintenance/Repairs	126,500	0.43	435
Utilities	217,975	0.74	749
Property Insurance	109,125	0.37	375
Property Taxes	167,828	0.57	577
Replacement Reserves	87,300	0.30	300
Other Expenses	85,764	0.29	295
Total Expenses	$1,174,157	$3.98	$4,035

Staff Notes/Comments

Other = supportive service contract fees, compliance fees

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Santora Villas, Austin (#07606) Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	24	$ 800	786	1.02
60% AMI	2BD/2BA	108	$ 960	1,007	0.95
60% AMI	3BD/2BA	88	$ 1,109	1,106	1.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		220	$ 2,645,664	224,948	$ 0.98
Averages			$ 1,002	1,022	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 1,325,000	$ 6,023	$ 5.89	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 1,325,000	$ 6,023	$ 5.89	0.05
Sitework	2,200,000	10,000	9.78	0.09
Hard Construction Costs	12,100,000	55,000	53.79	0.47
General Requirements (6%)	858,000	3,900	3.81	0.03
Contractor's Overhead (2%)	286,000	1,300	1.27	0.01
Contractor's Profit (6%)	858,000	3,900	3.81	0.03
Construction Contingency	715,000	3,250	3.18	0.03
Subtotal Construction	$ 17,017,000	$ 77,350	$ 75.65	0.66
Indirect Construction	904,369	4,111	4.02	0.04
Developer's Fee	3,400,000	15,455	15.11	0.13
Financing	3,037,509	13,807	13.50	0.12
Reserves	100,000	455	0.44	0.00
Subtotal Other Costs	$ 7,441,878	$ 33,827	$ 33	$ 0
Total Uses	$ 25,783,878	$ 117,199	$ 114.62	1.00

Applicant - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 10,200,469	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.75%	40	$1,086,042
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 583,409	17.2%	$2,816,591	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other				$ -
Total Sources	$ 25,783,878			$1,086,042

TDHCA - Sources of Funds

Source I	**Net Proceeds**	**Sale Price**	**Applicable Percentage**	
Tax Credits	$ 10,200,469	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 15,000,000	6.00%	30	$ 1,079,191
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 583,409	17.2%	$ 2,816,591	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ -			$ -
Total Sources	$ 25,783,878			$ 1,079,191

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,645,664	$11.76	
Other Income & Loss		39,600	0.18	180
Vacancy & Collection	-6.17%	(165,780)	-0.74	-754
Effective Gross Income		$2,519,484	11.20	11,452
Total Operating Expenses		$922,334	$4.10	$4,192
Net Operating Income		$1,597,150	$7.10	$7,260
Debt Service		1,086,042	4.83	4,937
Net Cash Flow		$511,107	$2.27	$2,323
Debt Coverage Ratio		1.47		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$511,107	$2.27	$2,323
DCR after TDHCA Fees		1.47		
Break-even Rents/S.F.		0.74		
Break-even Occupancy		75.91%		

TDHCA - Operating Proforma/Debt Coverage

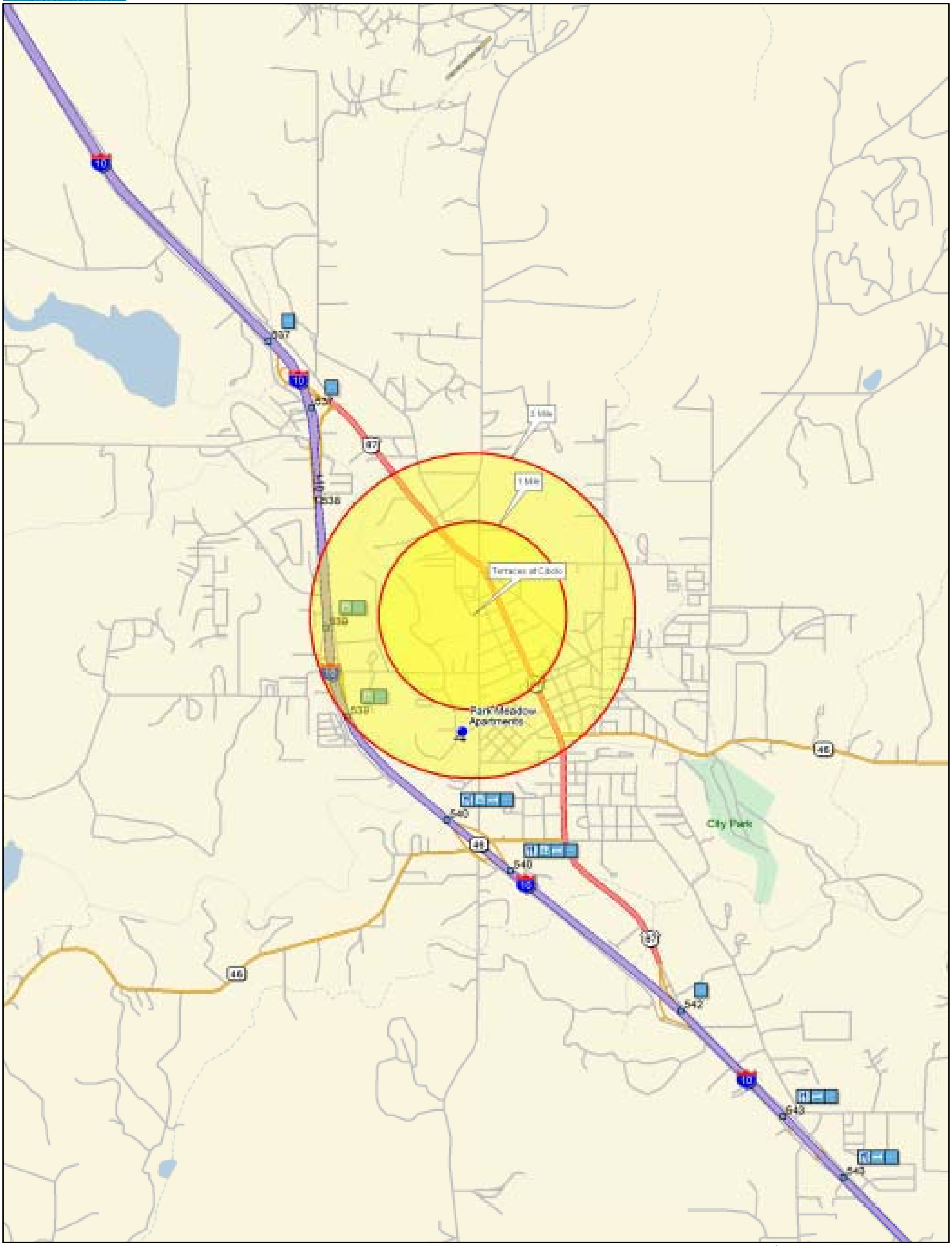
			Per S.F.	Per Unit
Potential Gross Income		$2,645,664	$11.76	
Other Income & Loss		39,600	0.18	180
Vacancy & Collection	7.50%	(201,395)	-0.90	-915
Effective Gross Income		2,483,869	11.04	11,290
Total Operating Expenses	37.1%	$922,334	$4.10	$4,192
Net Operating Income		$1,561,535	$6.94	$7,098
Debt Service		1,079,191	4.80	4,905
Net Cash Flow		$482,344	$2.14	$2,192
Debt Coverage Ratio		1.45		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$482,344	$2.14	$2,192
DCR after TDHCA Fees		1.45		
Break-even Rents/S.F.		0.74		
Break-even Occupancy		75.65%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$79,000	0.35	359
Management Fees	88,102	0.39	400
Payroll, Payroll Tax & Employee Exp.	205,000	0.91	932
Maintenance/Repairs	112,000	0.50	509
Utilities	120,000	0.53	545
Property Insurance	74,233	0.33	337
Property Taxes	168,000	0.75	764
Replacement Reserves	44,000	0.20	200
Other Expenses	32,000	0.14	145
Total Expenses	$922,334	$4.10	$4,192

Staff Notes/Comments

Other expenses include: supportive services fees: $16,000
compliance fees: $ 9,000
audit fees: $ 7,000
TOTAL: $32,000



TN

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Scale 1 : 50,000

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1" = 4,166.7 ft

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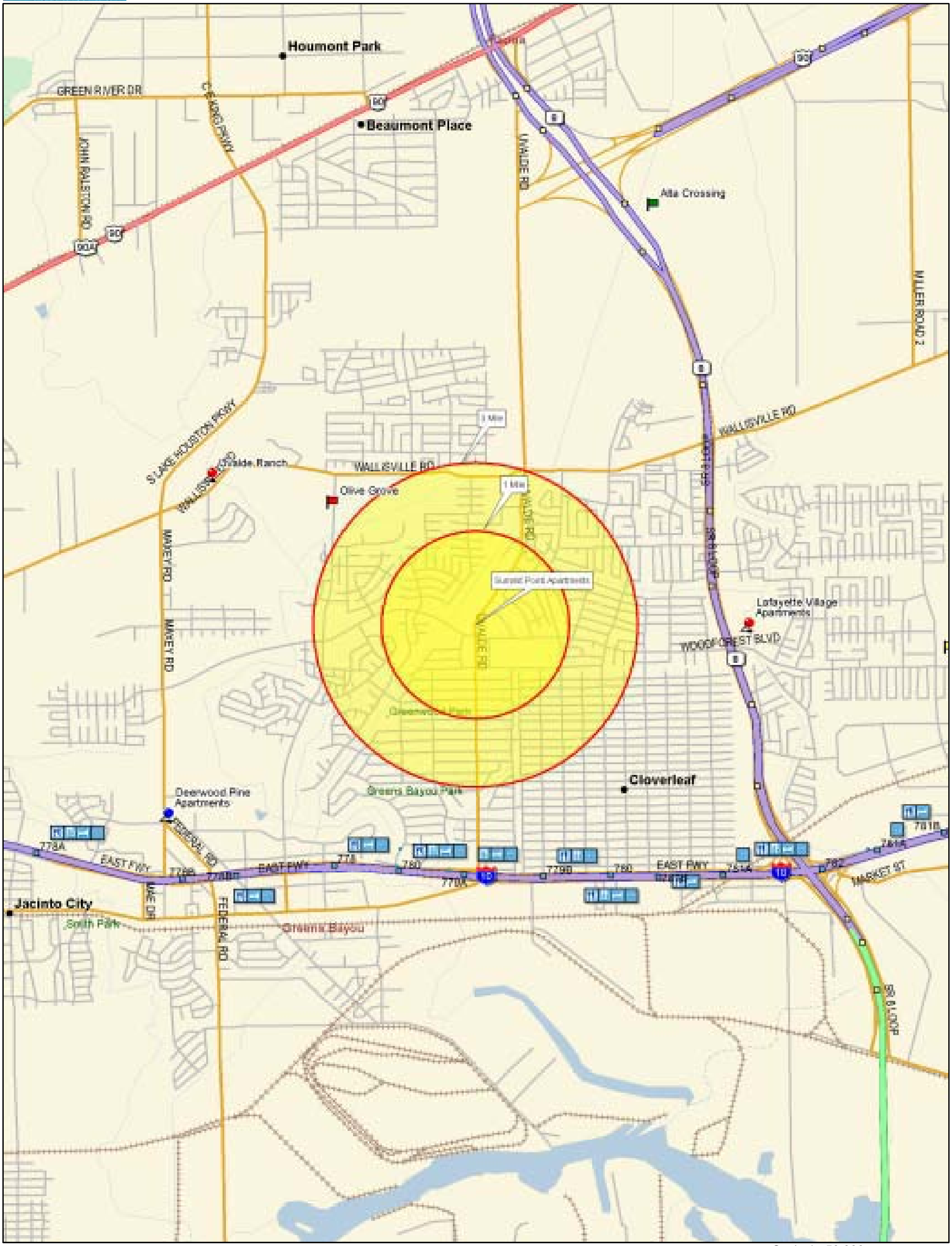

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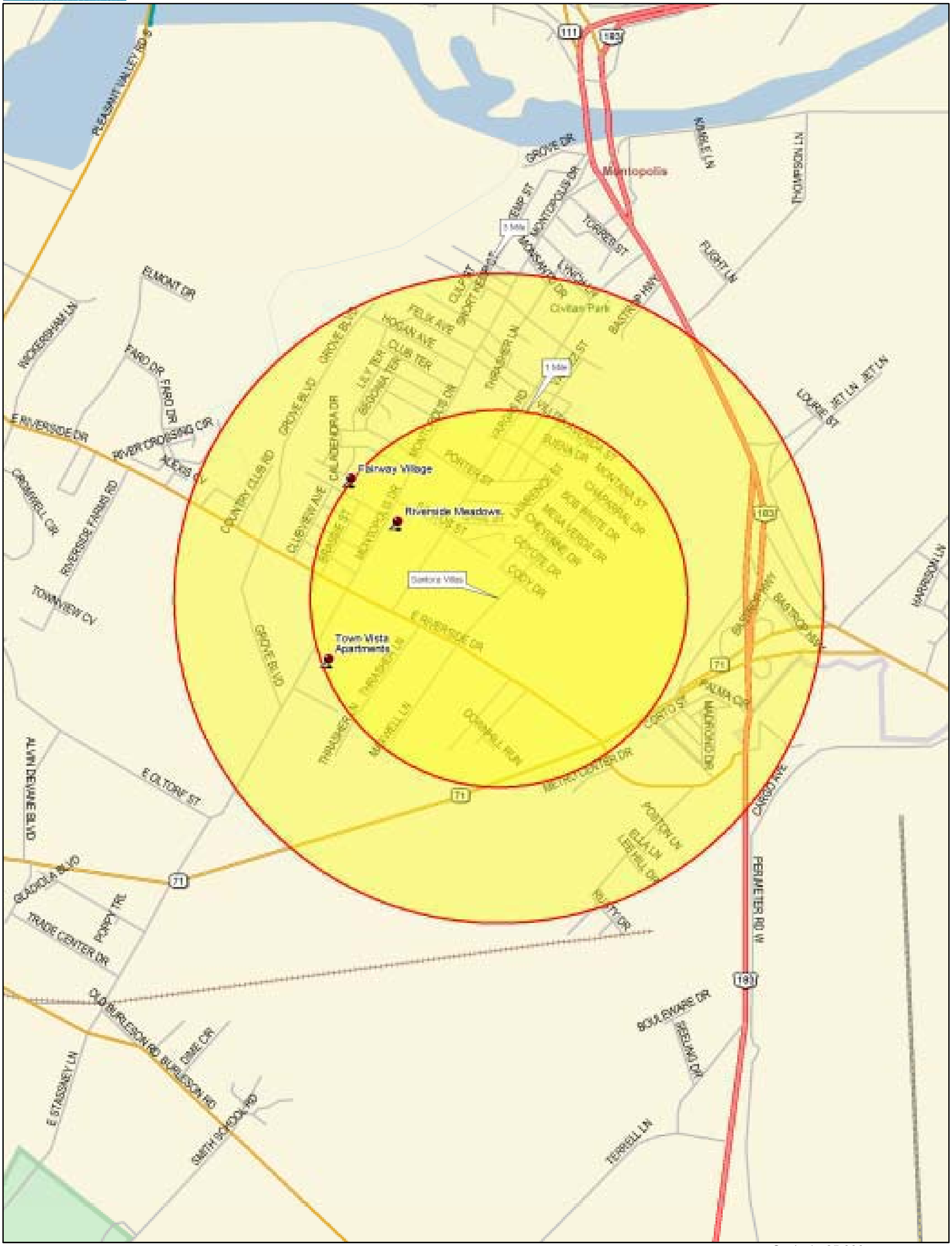
TN

MN (3.7°E)



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REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Brooke Boston, Michael Lyttle

Date: December 5, 2006

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for November 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.

TDHCA Outreach Activities, November 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 Implementation Workshop	Austin	November 1	Portfolio Management and Compliance	Training
First Thursday Income Eligibility Training	Austin	November 2	Portfolio Management and Compliance	Training
HOME/OCC Implementation Workshop	Austin	November 2-3	Portfolio Management and Compliance	Training
Houston Association of Realtors Conference	Houston	November 2-3	Single Family, Policy and Public Affairs	Exhibitors
Meeting with members of the disability community	Austin	November 6	Policy and Public Affairs	Participant
ICC Meeting	Austin	November 7	Policy and Public Affairs	Participant
Interview with *Affordable Housing Finance* magazine	Austin	November 7	Executive, Policy and Public Affairs	Interview
Ground Breaking for Webb County Self-Help Center Park, Pavilion	Laredo	November 8	Office of Colonia Initiatives	Participant
Colonia Rules Hearing	Dallas	November 10	Office of Colonia Initiatives	Public Hearing
Colonia Rules Hearing	San Antonio	November 10	Office of Colonia Initiatives	Public Hearing
TSAHC Meeting	Austin	November 10	Policy and Public Affairs	Monitoring
ORCA monitoring of Val Verde County Self-Help Center	Del Rio	November 13-15	Office of Colonia Initiatives	Monitoring
ORCA/OSFR Sunset Hearing	Austin	November 14	Policy and Public Affairs	Monitoring
Colonia Rules Hearing	McAllen	November 15	Office of Colonia Initiatives	Public Hearing
Meeting with Dept. of Aging and Disability Services staff	Austin	November 16	Policy and Public Affairs	Participant
Grand opening of Freeport Oaks Apartments	Freeport	November 16	Policy and Public Affairs	Participant
Colonia Rules Hearing	El Paso	November 17	Office of Colonia Initiatives	Public Hearing
Meeting with members of the disability community	Austin	November 20	Portfolio Management and Compliance, Policy and Public Affairs	Participant
Uniform and Supplemental Application Workshop	Houston	November 28	Multifamily Finance	Training
National Housing Leadership Conference	Washington, D.C.	November 27-30	Policy and Public Affairs	Participant
Uniform and Supplemental Application Workshop	Austin	November 29	Multifamily Finance	Training
Housing Texas Forum Planning Meeting	Austin	November 29	Policy and Public Affairs	Participant

Uniform and Supplemental Application Workshop	Dallas	November 30	Multifamily Finance	Training
Meeting with members of the disability community	Austin	November 30	Policy and Public Affairs	Participant

Report Item 2

Oral Presentation

$132,195,000
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage Revenue Bonds
$81,195,000 2006 Series F
$15,000,000 2006 Series G
$36,000,000 2006 Series H

Bond Structure Highlights

- Bond sale provided a total of $135 million of proceeds.
- 2006 Series F fixed rate bonds are new money and will provide funds to purchase mortgage certificates.
- 2006 Series G fixed rate bonds refunded $15 million of the Department's outstanding Single Family Mortgage Revenue Tax-Exempt Commercial Paper Notes and will provide funds to purchase mortgage certificates statewide.
- 2006 Series H bonds are variable rate, new money and will provide funds to purchase mortgage certificates.
- Half of the bond proceeds will be used to finance assisted mortgage loans for the Rita Gulf Opportunity Zone.

Bond Pricing and Yields 4.42%

- The Series F and G bonds were offered to retail investors on Wednesday, October 25, 2006 and on Thursday, October 26, 2006 the institutional pricing took place in the morning. The institutional pricing was successful in part due to a small rally in the bond market after the Federal Reserve's Federal Open Market Committee (FOMC) left the Fed Funds rate unchanged on Wednesday. The PAC bonds were sold to several institutional buyers at a yield of 4.12%. $11.995 million of bonds remained unsold after the order period and UBS committed to buy such bonds.
- On Wednesday afternoon the decision was made to increase the size of the swap in order to achieve the Department's target mortgage rate. The swap was priced on Thursday afternoon, October 26, 2006. The FOMC's comments caused a rally in the market on Thursday morning that resulted in an 8 bps pick up in yield on the swap over Wednesday's anticipated rates.
- The Series H variable rate bonds were priced on Tuesday, November 14, 2006 at an initial rate of 3.77%. The rate was reset the following Wednesday and will reset weekly.

Program Highlights

General:

- $132 million of bond funds was made available for low interest loans on November 15, 2006 through the First-time Homebuyer Program.
- In total, $39.0 million will be reserved for one year for borrowers with income not exceeding 60% AMFI.

Statewide:

- $67.1 million will be made available for statewide residents. $47.6 million unassisted mortgage loans will be made available with income limits up to 115% AMFI. Income limits are 140% AMFI in targeted areas of the state. The balance of $19.5 million of assisted mortgage loans will be set aside for borrowers with income not exceeding 60% AMFI.
- Mortgage rates are 5.65% unassisted and 6.20% with 5% assistance.

Hurricane Rita GO Zone:

- $64.9 million will be reserved for 22 counties impacted by Hurricane Rita. $19.5 million of this amount is reserved for borrowers with incomes of no more than 60% AMFI with the remainder available to borrowers with incomes up to 140% AMFI.
- Mortgage rate is 5.99% with 5% assistance on all loans.
- First-time homebuyer requirement has been waived.

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM
DECEMBER 14, 2006

Background

The TDHCA Board requested a progress report to provide the status of two (2) HOME Disaster Relief awards approved in May 2006.

Status of Awards

Jim Wells County
On September 1, 2006, the County received the Authority to Use Grant Funds from the Department under a tiered two step environmental clearance plan. The second step of the plan will require the submittal of site specific checklists for each address selected for assistance.

Duval County
Duval County's contract was initially delayed due to difficulty in obtaining required funding information from HUD.

Department staff will continue to analyze these contracts to ensure that the Administrators meet their contract obligations.

ltrevino: Change Password | Logout | My TDHCA | TDHCA H(

TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Add Contract Activity City OR Add Contract Activity Colonia | Allocate Funds

Notes | Perf Reqs | Activities | Areas Served

CONTRACT

Contract Number	1000640	Program Activity	OCC (Single-Family 2006)	Status	Active
CSAS Number(s)	537645	Contractor	Jim Wells County	UOG Code	
Period Begin Date	6/1/06	Contact	Arnoldo L. Saenz	UOG Number	
Period End Date	5/30/08	Contact Phone	(361) 668-5706	CPS Number (IDIS)	
Amended End Date		Grant	yes	Mail Code	
Application Number	20060001	Loan	no	Executor	Arnoldo L. Saenz
Consultant	Grantworks, Inc.	Consultant Phone	(512) 420-0303	Contract Activity Number (IDIS)	

Single Audit Status: No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$20,000.00	$20,000.00	$20,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$20,000.00
Project	$500,000.00	$500,000.00	$500,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$500,000.00
Total	$520,000.00	$520,000.00	$520,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$520,000.00

Allocation Detail | Budget Detail | Draw History | Draw Request

SETASIDES

Setaside Type Disaster Relief

CONTRACT DETAIL

Board Approval Date	5/4/06	Units	9	PJ	no
Certificate of Completion Date		Projects Set Up	0		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	yes
Rural or Urban/Ex-Urban		Subject to RAF			
Contractor Program Design Approval Date	5/31/06	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

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TDHCA Central Database

TDHCA Contract System

Source of Funds | Program Funds | Contract | Contract Activity | Notifications | User Admin | Loan Servicing

Add Contract Activity City OR Add Contract Activity Colonia | Allocate Funds   Notes | Perf Reqs | Activities | Areas Served

- 1 result(s) returned

CONTRACT

Contract Number	1000641	Program Activity	OCC (Single-Family 2006)	Status	Active
CSAS Number(s)	530669	Contractor	Duval County	UOG Code	
Period Begin Date	6/1/06	Contact	Edmundo B Garcia	UOG Number	
Period End Date	5/30/08	Contact Phone	(361) 279-6204	CPS Number (IDIS)	
Amended End Date		Grant	yes	Mail Code	
Application Number	20060015	Loan	no	Executor	Edmundo B Garcia
Consultant		Consultant Phone		Contract Activity Number (IDIS)	

Single Audit Status: No Single Audit Reviews exist at this time. Reviews are created 3 months before your FYE check back in this time frame.

BUDGET

	Original	Amended	Funded	Committed	Refunded	Draw	Requested	Retainage	Balance
Admin	$20,000.00	$20,000.00	$20,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$20,000.00
Project	$500,000.00	$500,000.00	$500,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$500,000.00
Total	$520,000.00	$520,000.00	$520,000.00	$0.00	$0.00	$0.00	$0.00	$0.00	$520,000.00

Allocation Detail | Budget Detail | Draw History | Draw Request

SETASIDES

Setaside Type Disaster Relief

CONTRACT DETAIL

Board Approval Date	5/4/06	Units	18	PJ	no
Certificate of Completion Date		Projects Set Up	0		
Closeout Visit Date		Projects Completed	0	Fund with Multi Year	yes
Rural or Urban/Ex-Urban		Subject to RAF	N		
Contractor Program Design Approval Date	5/31/06	Match Funds	$0.00	Program Income	$0.00
Labor Standards Required	no	Leverage Funds	$0.00	C/A Program Income	$0.00
Labor Standards Officer					

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM
DECEMBER 14, 2006

Background

The TDHCA Board requested a quarterly status report to provide an updated status on HOME amendments previously approved by the Board.

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.

Summary of Previously Approved HOME Amendments

The following Administrators do not have acceptable progress in the administration of their amended HOME contract:

Affordable Caring Housing
Brewster County
City of Caney City
City of Jonestown
City of Mesquite
City of Nash
City of Socorro
Midland Habitat for Humanity

Department staff will continue to analyze these contracts to ensure that the Administrators meet their contract obligations.

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	Req Units	Units In Process	Completed Units (To Date)	Start Date	End Date	Extended End Date
5/4/2006	Affordable Caring Housing	1000341	TBRA	Match Elimination	N	11/10/06	In Process	24 households assisted. 2 households pending assistance. 6 additional households with vouchers.	Monitoring visit on 3/22/06.	Behind on Commitment and Draw Milestones	35	26	0	10/1/04	3/31/07	
5/4/2006	Affordable Caring Housing	1000342	TBRA	Match Elimination	N	11/10/06	In Process	32 households assisted. 13 completed 2 pending assistance.	Monitoring visit on 3/22/06.	Behind on Commitment and Draw Milestones	20	13	13	10/1/04	3/31/07	
6/9/2006	Brewster County	1000186	OCC	Extension	N	Status Report due 8/10/06	Expired Second Extension Request	MOA approved by Texas Historical Commission. All 9 homes have completed environmental process.		Behind on Commitment, Draw and Match Milestones	9	0	0	1/1/04	12/31/05	11/30/06
10/12/2006	City of Caney City	1000267	OCC	Reduction in units (5 to 3) Extension	N	Status Report due 11/10/06	In Process	3 in progress 2 pending		Behind on Commitment, Draw and Match Milestones	5	3	0	10/1/04	9/30/06	3/30/2007
7/12/2006	City of Jonestown	1000277	OCC	Reduction in units (8 to 3) Waiver of $55,000 cap per unit 6 Month Extension	N	11/10/2006	In Process	A General Contractor has been selected and construction is scheduled to begin late this month		Behind on Commitment, Draw and Match Milestones	3	3	0	10/1/04	9/30/06	3/31/07
10/12/2006	City of Mesquite	1000327	OCC	Extension	N	11/15/2006	In Process	redoing the lead base paint assessment		Behind on Commitment, Draw and Match Milestones	20	3	0	10/1/04	9/30/06	3/31/2007
6/9/2006	City of Nash	1000486	OCC	AMFI Modification Match Reduction	N	11/17/06	In Process	Status to be reported at next board meeting.		Behind on Commitment, Draw and Match Milestones	6	0	0	10/3/05	9/28/07	
8/30/2006	City of Socorro	542052	HBA	Extension	N	11/17/06	In Process	25 completed 5 in progress 11 pending		Behind on Commitment, Draw and Match Milestones	41	30	30	10/1/03	9/30/05	3/31/2007
7/12/2006	Midland Habitat for Humanity	1000310	ADDI	AMFI Modification	N	11/10/2006	In Process	5 lots environmentally cleared 4 households identified 2 in progress		Behind on Commitment, Draw and Match Milestones	4	2	0	10/3/05	9/28/07	
10/12/2006	City of Cotulla	1000020	OCC	Extension	Y	Status Report due 11/10/06	In Process	10 in progress			10	10	0	12/1/03	11/30/05	3/31/2007
10/12/2006	City of Wolfe City	1000262	OCC	Reduction in units (8 to 3) Extension	Y	11/10/06	In Process	3 completed			3	3	3	10/1/04	9/30/06	11/30/2006
10/12/2006	La Salle County	1000028	OCC	Extension	Y	Status Report due 11/10/06	In Process	6 in progress 4 completed			10	10	4	12/1/03	11/30/05	3/31/2007
6/26/2006	Laredo-Webb NHS	542040	HBA	Extension	Y	11/10/06	In Process	12 completed 6 Pending Construction	Monitoring Visit on 7/16/06		20	18	12	10/1/03	6/30/06	6/30/07
10/12/2006	Val Verde County	1000156	OCC	Extension	Y	Status Report due 11/10/06	In Process	3 completed 6 in progress 1 pending			10	9	3	9/1/03	5/30/06	3/31/2007

Board Approval	Administrator	Contract Number	Project Budget Amount	Project Committed Amount	Project Expended Amount	% Time Expired	% Committed	% Drawn Amount	Contact Person
5/4/2006	Affordable Caring Housing	1000341	$233,311	$90,808	$57,733	87%	39%	25%	Nashema Hatten
5/4/2006	Affordable Caring Housing	1000342	$174,048	$116,436	$90,385	87%	67%	52%	Nashema Hatten
6/9/2006	Brewster County	1000186	$500,000	$219,992	$0	147%	44%	0%	Val Beard
10/12/2006	City of Caney City	1000267	$275,928	$165,000	$0	109%	60%	0%	Anne Remley
7/12/2006	City of Jonestown	1000277	$191,853	$165,000	$0	109%	86%	0%	
10/12/2006	City of Mesquite	1000327	$500,000	$136,549	$0	109%	27%	0%	Ted Chinn
6/9/2006	City of Nash	1000486	$437,463	$0	$0	59%	0%	0%	Elizabeth Lea
6/30/2006	City of Socorro	542052	$500,000	$330,000	$250,000	159%	66%	50%	Trini Lopez
7/12/2006	Midland Habitat for Humanity	1000310	$40,000	$0	$0	59%	0%	0%	Ann S. Chappell
10/12/2006	City of Cotulla	1000020	$500,000	$500,000	$140,707	151%	100%	28%	Abel Gonzalez
10/12/2006	City of Wolfe City	1000282	$171,575	$164,976	$0	109%	96%	0%	Bethel Henslee
10/12/2006	La Salle County	1000028	$500,000	$500,000	$256,507	151%	100%	51%	Joel Rodriguez, Jr.
6/28/2006	Laredo-Webb NHS	542040	$300,000	$210,000	$195,000	116%	70%	65%	John Puig
10/12/2006	Val Verde County	1000156	$500,000	$300,000	$158,245	119%	60%	32%	Mike L. Fernandez

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM
DECEMBER 14, 2006

Background

The TDHCA Board requested a report item on the status of prior balances for the HOME Program. HUD has requested that the Department expend all prior year HOME balances as reported in IDIS. The prior year balances have already been expended by the Department. However, because of IDIS procedures, deobligated funds are returned to prior year allocations rather than the current year allocation. Allocating multiple year funds to a single award is difficult for Department reporting and tracking. Therefore, the Department has requested that HUD transfer all prior year balances to the most current HOME allocation account. The Department will continue to work with HUD until the transfer occurs and prior year balances are eliminated.

Balance of HOME Non-CHDO Funds

Fiscal Year	Authorized Amount	Allocated Amount	Available to Commit
1992	$23,116,977.95	$23,116,977.95	$0.00
1993	17,374,397.00	17,345,946.29	28,450.71
1994	22,025,104.33	22,025,104.33	0.00
1995	24,675,754.00	24,655,309.02	20,444.98
1996	24,470,317.00	24,425,378.84	44,938.16
1997	24,275,304.00	24,216,623.95	58,680.05
1998	25,104,671.00	25,100,717.05	3,953.95
1999	27,535,025.09	27,526,173.16	8,851.93
2000	29,811,468.00	29,698,239.56	113,228.44
2001	30,417,879.13	30,357,750.77	60,128.36
2002	29,304,351.72	29,239,956.62	64,395.10
2003	33,821,003.25	32,715,357.68	1,105,645.57
2004	37,996,311.10	34,834,521.12	3,161,789.98
2005	40,124,930.01	38,383,255.29	1,741,674.72
2006	31,149,727.25	13,264,853.00	17,884,874.25
	$421,203,220.83	**$396,906,164.63**	**$24,297,056.20**

Balance of HOME CHDO Funds

Fiscal Year	Authorized Amount	Allocated Amount	Available to Commit
1992	$6,043,933.05	$6,043,933.05	$0.00
1993	3,500,700.00	3,500,700.00	0.00
1994	4,813,395.67	4,813,395.67	0.00
1995	4,995,450.00	4,995,450.00	0.00
1996	4,980,583.00	4,980,583.00	0.00
1997	4,904,850.00	4,904,850.00	0.00
1998	6,383,629.00	6,383,629.00	0.00
1999	5,582,472.00	5,582,472.00	0.00
2000	5,701,762.00	5,701,762.00	0.00
2001	6,227,550.00	6,227,550.00	0.00
2002	5,918,048.28	5,280,872.64	637,175.64
2003	6,764,200.65	3,589,200.65	3,175,000.00
2004	6,789,157.80	4,917,896.28	1,871,261.52
2005	0.00	0.00	0.00
2006	6,095,462.85	0.00	6,095,462.85
	$78,701,194.30	**$66,922,294.29**	**$11,778,900.01**