BOARD MEETING OF SEPTEMBER 3, 2009

C. Kent Conine, Chair

TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Gloria Ray, Vice-Chair
Leslie Bingham Escareño, Member
Tom Gann, Member
Juan Muñoz, 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

A G E N D A

8:00 am
September 3, 2009

Capitol Extension, E1.036
1300 N. Congress
Austin, TX 78701

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Kent Conine, Chairman

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.

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:

Executive:

Tim Irvine
Chief of Staff

a) Presentation, Discussion, and Possible Approval of policies regarding the disposition of real estate and the resolution of non-performing or non-compliant single family and multifamily housing assets

b) Presentation and Discussion of a monthly status report on the implementation of the American Recovery and Reinvestment Act of 2009

Brooke Boston
DED Community Based

Community Affairs:

Stuart Campbell
Program Mgr. CA

c) Presentation, Discussion and possible Approval of the Department Policy for the Homeless Housing and Services Program

Disaster Recovery:

Sara Newsom
DED – Disaster Recovery and Emrgy. Housing

d) Presentation, Discussion, and Possible Approval to report on homes considered and reviewed by the Executive Director for services for local code requirements that exceed the established cap of $10,000

Housing Resource Center:

Brenda Hull
Mgr. Housing Resource Center

e) Presentation, Discussion and Possible Approval of the 2010 Regional Allocation Formula Methodology (Draft for Public Comment)

f) Presentation, Discussion and Possible Approval of the 2010 Affordable Housing Needs Score (Draft for Public Comment)

Office of Recovery Act Accountability and Oversight:

Brenda Hull
ARRA Accountability and Oversight

g) Presentation, Discussion and Possible Approval of Permission to Negotiate and Contract with One of Several Top Applicants for Request for Proposals to Provide a Training and Technical Assistance Academy for the Weatherization Assistance Program, #332-RFP9-9008

Housing Trust Fund Programs Division:

Sharon Gamble
Program Mgr. HTF

h) Presentation, Discussion and Possible Approval of Requests for Amendments to Housing Trust Fund Program Awards from the following list:

08335	Meadow Park Village	HTF Multifamily

Multifamily Division Items - Housing Tax Credit Program: Robbye Meyer, Dir. Multifamily Finance

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

060053	Candletree Apartments	Fort Worth
04432	Mariposa at Hunter Road	San Marcos
07164	Covington Townhomes	Texarkna
02902	Union Pines Apartments	San Antonio
02093	Union Park Apartments	San Antonio
03178	Jacinto Manor	Jacinto City
04206	Lake Jackson Manor	Lake Jackson

ACTION ITEMS

Item 2: Appeals:

a) Presentation, Discussion, and Possible Action on Housing Tax Credit Appeals: — Robbye Meyer, Dir. Multifamily Finance

Appeals Timely Filed

b) Presentation, Discussion, and Possible Action for HOME Appeals: — Jeannie Arellano, Dir. HOME Programs

Appeals Filed Timely

c) Presentation, Discussion, and Possible Action for 2009 Competitive Housing Tax Credit and HOME Appeals of Underwriting: — Brent Stewart, Dir. REA

09108	Peachtree Seniors Apartments	Balch Springs
09136	Gateway to Eden Apartments	Eden
09254	Irvington Court	Houston
09281	Mariposa at Keith Harrow	Houston

Appeals Timely Filed

Item 3: Bond Finance:

Matt Pogor, Dir. Bond Finance

a) Presentation, Discussion and Approval of Senior Manager Team in conjunction with Underwriting Services and Co-Manager Team in conjunction with the sale of TDHCA's Single Family Mortgage Revenue Bonds commencing Fiscal Year 2010

Item 4: Texas Homeownership Division:

Eric Pike, Dir. THP

a) Presentation, Discussion and Possible Approval of a contract award for Master Servicer for the Single Family Mortgage Revenue Bond Program

Item 5: Community Affairs:

Michael DeYoung, Dir. CA

a) Presentation, Discussion and Possible Action on: 1) Updating on the Status of Awards for the PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) allocation of funding that were not approved on July 30; 2) Recommending an Award to West Texas Opportunities of PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) of funding that were not approved on July 30; 3) Approval of the Revisions/Clarifications since the July 30 Board meeting; and 4) Authorization to submit a DOE Plan Amendment if appropriate reflecting changes under issues 2 and 3

Item 6: Housing Resource Center:

Brenda Hull, Mgr. Housing Resource Center

a) Presentation, Discussion and Possible Approval of the 2010-2014 State of Texas Consolidated Plan (Draft for Public Comment)

Item 7: Rules:

a) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 49, concerning 2009 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register* — Robbye Meyer, Dir. MF

b) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 35, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 33, 2010 Multifamily Housing Revenue Bond Rules for comment in the *Texas Register* — Robbye Meyer, Dir. MF

c) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 1, Sections 31 – 37, 2009 Real Estate Analysis Rules and Guideline and a draft of proposed new 10 TAC Chapter 1, Sections 31 – 37, 2010 Real Estate Analysis Rules and Guidelines for comment in the *Texas Register* — Brent Stewart, Dir. REA

d) Presentation, Discussion and Possible Approval for publication in the *Texas Register* notice of proposed amendments to 10 TAC, Chapter 60, Subchapter A — Patricia Murphy, Chief, Compliance & Asset Oversight

Item 8: Disaster Recovery:

Sara Newsom, DED – Disaster Recovery and Emrgy. Housing

a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

b) Approval of the Draft Amendment to the Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Hurricanes Ike and Dolly Impacted Areas

c) Presentation, Discussion, and Possible Approval of CDBG Disaster Recovery Program Award Recommendations:

Hurricane Ike Housing Assistance Programs

09-0006	Liberty County
09-0007	Brazos Valley Affordable Housing Corporation
09-0010	Chambers County

Hurricane Dolly Housing Assistance Programs

09-0013	Mission
09-0017	Willacy County

d) Presentation, Discussion, and Possible Approval of CDBG Disaster Recovery Program Award Recommendations for the $58 million affordable rental housing set-aside related to Hurricanes Ike and Dolly

09-805	Orange Navy II	Orange

Item 9: Multifamily Division Items - Housing Tax Credit Program:

Robbye Meyer, Dir. Multifamily Finance

a) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments

060629	Villas at Henderson	Cleburne
08264	Cambridge Crossing Apartments	Corsicana
08299	Southern View Apartments	Fort Stockton
08300	Blackshear	San Angelo

b) Presentation, Discussion and Possible Approval of Extension of the Closing Deadline for 2008 Housing Tax Credits Awarded Forward Commitments

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

09402 The Mirabella
San Antonio Housing Finance Corporation is the Issuer
Recommended Credit Amount $0

09404 Cevallos Lofts
San Antonio Housing Finance Corporation is the Issuer
Recommended Credit Amount $0

d) Presentation, Discussion and Possible Approval of Commitments for the Housing Tax Credit Assistance Program (TCAP)

Project #	TDHCA #	Project
09700	08174	Oakleaf Estates
09701	08198	Highland Manor
09702	08150	Oak Manor/Oak Village Apartments
09703	08240/09019	Timber Village Apartments II
09704	08183	Desert Villas
09705	08158	The Villas at Beaumont
09706	07203	Melbourne Apartments
09707	08161/09011	Canutillo
09708	08160/09028	Tres Palmas
09709	08253	Creekside Villas Senior Village
09711	07001	Fairway Crossing
09712	07091/08947	City Walk at Akard
09713	08138	River Place Apartments
09714	07604	Terraces at Cibolo
09715	08154/09010	Pioneer Crossing at Mineral Wells
09716	08135	Gardens at Clearwater
09717	07194	377 Villas
09718	07242	Paseo de Paz
09719	07227/08916	Champion Homes at La Joya
09720	07226/08915	Candlewick Apartments
09721	08273/09023	Four Seasons at Clear Creek
09722	09024	Costa Esmeralda
09723	08413	City View Apartment Homes
09724	08233	Heritage Park Vista
09725	08298	Residents at Stalcup
09726	07612	Residences at Onion Creek
09727	09402/08418	The Mirabella
09728	08603	West Oaks Seniors Apartments
09729	07300/08922	Wentworth Apartments
09730	08176	Maeghan Pointe
09731	07178/08905	Aurrora Meadows
09732	08140	Premier Woodfair
09733	08205	Wind River
09734	08303	Heritage Square
09735	08302	Leona Apartments
09736	08304	Park Place
09737	08184	Washington Hotel Lofts
09738	08151	Parkview Terrace
09739	07303/08096	Villas on Raiford
09740	08193	Sphinx at Fiji Senior
09741	08264	Cambridge Crossing
09742	08195	Chateau Village Apartments
09743	08258	Lexington Court Phase II
09744	08254	Montgomery Meadows Phase II
09745	08257	Constitution Court
09746	08414	Jason Avenue Residential (dba Mariposa and Cypress Creek at Jason Avenue
09747	08182	Suncrest Apartments
09748	06117/07094	Mesquite Terrace Apartments
09749	08100	The Grand Reserve Seniors-Waxahachie Community
09750	060419	Gardens of Weatherford
09751	08142	Anson Park Seniors
09752	08181	Park Ridge Apartments
09753	08416	Timber Edge (fka Park Shadows Apartments)
09754	08417	Seville Apartments
09755	08101	Jackson Village Retirement Center
09756	08134/09008	The Huntington
09757	08300	Blackshear Homes

e) Presentation, Discussion and Possible Approval of the Return of Tax Credit Authority to the Treasury for Exchange Program Funds

Item 10: HOME Program Division:

a) Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations: — Jeannie Arellano, Dir. HOME Programs

Rental Housing Development Program

09136	Gateway to Eden	Eden
09318	Hyatt Manor I & II Apartments	Gonzales
09126	Holland House Apartments	Holland
09228	Lufkin Pioneer Crossing for Seniors	Lufkin
09150	Prairie Village Apartments	Rogers
09146	Oakwood Apartments	Brownwood

EXECUTIVE SESSION

Kent Conine, Chairman

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

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

c) Consultation with Attorney Pursuant to §551.071(1) and (2), Texas Government Code including:

1. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v Texas Department of Housing and Community Affairs*, et al filed in federal district court
2. With Respect to pending litigation styled M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs filed in District Court, Hidalgo County
3. With Respect to EEOC Claim from Don Duru
4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting
5. Potential sale of agency owned real estate and/or sales of loans, pursuant to §551.072, Texas Government Code

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Kent Conine, Chairman

1. TDHCA Outreach Activities, July 2009

ADJOURN

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, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, 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

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion, and Possible Approval of policies regarding the disposition of real estate and the resolution of non-performing or non-compliant single family and multifamily housing assets

Required Action

Approve, reject or approve with changes the five proposed policies.

Summary

The Department has significant exposure with loans it makes in the commercial development of property. These risks come in generally four scenarios: 1) the second lien position with repayment for not meeting the affordability requirement; 2) the failure to repay loans where the property is also in non-compliance and HUD must be repaid or achieve the affordability period by transferring performance; 3) Property that is not meeting the affordability period and through market changes cannot operate in compliance with the rules; and 4) the property has been foreclosed on by the Department and needs to be marketed and repaid to HUD.

There is also risk associated with single family homes where the Department may lose non-HUD funds (residual loan funds or Bootstrap HTF dollars) that do not need repayment or with HUD funds under the HUD rules, as long as we foreclose on a property reduce the liability to the Department from HUD.

The following scenarios represent real current issues before the Department and look for a policy and course of action to deal with the asset management functions related to the difficulties.

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1. ISSUE – The Department holds an inferior position lien obligation relating to a HOME-assisted property. The owner has created an event of default with the first lien holder that is not related to the delivery of an affordability program. The first lien holder is prepared to pursue foreclosure.

POLICY AND PROPOSED COURSE OF ACTION – The Policy objective is to minimize potential financial exposure to HUD. Prospectively, the Department should not structure HOME transactions on an inferior lien basis without there being in place other measures, such as the presence of significant tax credits, strong personal guarantors, or significant excess collateral value to assure collectibility and program performance. To the extent that inferior lien transactions are already in place and are in default, the Department should identify whether there are available resources to address the prior lien, enabling the Department to foreclose its lien and take ownership and transfer the property to a capable operator. These avenues should be subjected to economic analysis to determine if the financial exposure is greater or less under a scenario where the prior lien is foreclosed or the prior lien is addressed, the Department's lien is foreclosed, and the property is liquidated for maximum value.

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2. ISSUE – An affordable rental property that received HOME funds is not performing as required by the HOME program and, despite other efforts to obtain compliance (such as the pursuit of the assessment of administrative penalties) the current owner has established that it either cannot or will not comply. Neither additional financing nor forbearance nor loan modification would be a viable way to address the issues. The market in which the property is located will support the operation of the property as affordable housing.

POLICY AND PROPOSED COURSE OF ACTION – The general policy is to minimize potential financial exposure to HUD by achieving the requirements of the HOME program. The general policy would be not to continue to work with owners that have demonstrated either an inability or an unwillingness to comply. To achieve this policy objective, the Department would take control of the property by agreement or by foreclosure. If the property were in acceptable condition and the market continued to be viable for an affordable housing property, operate it as an affordable property, using a management company. Identify a third party to acquire the property and operate it in compliance with the HOME program, under a new LURA, if necessary.

A primary objective is to achieve the required period of affordability required by the HOME program. Failure to achieve this result has the potential to trigger a Department liability to repay HOME funds to HUD. Therefore, the focus should be on:

1) Identifying a new owner that has demonstrated that it has the ability to operate such a property in compliance with HOME requirements;
2) Identifying a new owner that has demonstrated a commitment of the necessary resources to that property in that market, not merely a capable but absentee owner.
3) Ensuring that the *pro forma* operations are consistent with achieving the required period of affordability, meaning that provision has been made to address not only normal operations but any property condition issues.

A strategy that may be employed in these circumstances is identifying potential owners that meet the first two criteria and then creating a transfer structure that addresses the third criterion, including the possibility of giving the new owner the property debt-free.

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3. ISSUE – The Department has taken ownership of a property that was to have been an affordable rental property under the HOME program. It has been determined that even without debt the property cannot be successfully operated as an affordable rental property due to uncontrollable factors such as market changes.

POLICY AND PROPOSED COURSE OF ACTION – The policy is to minimize potential financial exposure to HUD. If elsewhere in the same general market an affordable housing development could be successfully operated, enter into discussion with HUD regarding the possibility of substituting another property and disposing of the non-viable (as affordable renal housing) property. As an alternative, could the property be utilized for an alternative HOME program, such as owner-occupied? If no HOME compliant solution using the existing property is feasible, foreclose and sell to maximize return and thereby minimize any net liability to HUD.

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4. ISSUE – The Department has acquired and seeks to sell a property (not in a transaction that is intended to provide for renewed or ongoing compliance).

POLICY AND PROPOSED COURSE OF ACTION – The policy is to maximize the net recovery. To achieve this, the value of the property should be established by appraisal,

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5. ISSUE – A single family owner-occupied homeowner is in default on their loan, funded under either HOME or the Housing Trust Fund. It has been determined that neither forbearance nor modification is a viable solution. The homeowner has not provided reasonable documentation to establish extraordinary circumstances that would constitute grounds for forgiveness (conversion from loan to grant).

POLICY AND PROPOSED COURSE OF ACTION – The general policy is that the Department should not allow persons who have established that they cannot or will not uphold the obligations of home ownership (performance of their financial obligations to the Department (which, as provided for in the rules, may be subject to forbearance, modification, or forgiveness under certain circumstances), adherence to the contractual provisions of their deed of trust, payment of property taxes, and maintenance of required insurance) to continue as homeowners under the auspices of Department-provided assistance. The policy is also that the occupants of Department-assisted homes should meet the requirements of the applicable assistance programs.

In order to effectuate this policy, the Department should take back legal ownership and control of the property where the owner(s) has (have) established that they cannot or will not comply. If there is a local agency that would be an appropriate owner/operator, consider granting it to them with an affordable housing restriction. If there is no local agency to take over such a property the property should be marketed through a disinterested, licensed, local broker. Other marketing proposals should be brought back to the Board.

OFFICE OF ARRA ACCOUNTABILITY AND OVERSIGHT

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation and Discussion on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (ARRA).

Required Action

None required.

Background

This item provides an update since the previous Board meeting on the status of the Department's activity relating to overall ARRA activities as well as each of the ARRA programs.

All ARRA Programs/Department Wide:
Since the last Board update, the following internal tasks have occurred relating to ARRA programs:

- On August 5, the Government Accounting Office (GAO) visited the Department. Responses to questions were prepared in advance and subsequent final documents were provided fully addressing their questions. Emphasis was given to the funding structure in the DOE approved Plan and on federal barriers to fund usage.
- On August 12, 2009, the Executive Director of the Department testified before the House Select Committee on Federal Economic Stabilization Funding providing information on the Department's oversight steps being taken. Detailed questions were posed, and responded to, relating to ARRA WAP funds.
- On August 18, the Office of the Secretary for the Department of Energy performed a Readiness Visit with the Department to discuss and gather information on the ARRA WAP funds with particular emphasis on the subrecipient network and capacity and training issues.
- The Request for Information (RFI) relating to Asset Management functions was released on July 27 and submissions were due by August 14. Eight responses were received from the following entities: Texas State Affordable Housing Corporation, Boston Capital, The Situs Companies, Tax Credit Asset Management, Clearwater Construction Consultants, Cargil Investment Group, Knight Home Solutions and Hudson Housing Capital. Based on the information gathered in the RFIs and consistent with prior Board policy, staff will be proceeding with the release of a Request for Proposals.
- The WAP Training RFP submissions were received and reviewed, and a separate Board agenda item on that issue is presented separately at this meeting.
- TDHCA hosted a job fair on August 21 that included 36 positions, of which 26 were ARRA related temporary jobs. Each of these ARRA postings is listed as temporary (ranging generally from one to three years). Many preliminary interviews occurred, some final interviews occurred and several areas with significant ARRA postings, most significantly the Community Affairs Division with 17 postings, have significantly expedited the hiring of many critical positions.

ARRA Program Specific Updates are provided on the attached table.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

TDHCA Office of Recovery Act Accountability & Oversight
Status Report to the TDHCA Board
September 3, 2009

Program Amount Fed Agency Tot Fed Avail.	Eligible Activities	Program Status (Description)	Planned Allocation of Funds / Commitment of Funds	Timeline / Contract Period
Weatherization (WAP) $326,975,732 Dept. of Energy $5,000,000,000	Provides for minor home repair to increase energy efficiency. Assistance is limited to $6,500 per household. Households at or below 200% of poverty	The DOE approved the Department's WAP Plan and approved the first 50% of funds, $163.4 million, on July 10, 2009. The TDHCA Board approved allocations to subrecipients on July 30. Additional action on those allocations is expected September 3. Contracts are in the process of being issued. The Training Academy RFP responses were submitted by August 7, 2009; Board action on that RFP is expected September 3.	Total Allocation of Funds: • $14,349,967 for State Administration • $21,253,423 for Training and Technical Assistance (T&TA) for State and Subgrantees • $291,372,343 Subrecipient Allocation Subrecipient Allocation Commitment of funds at the July 30 Board meeting: (List available on TDHCA's Recovery Act webpage.) • $187,823,640 has been awarded to the existing network of providers for coverage in all 254 counties. • $94,049,883 has been awarded to larger cities • $9,498,820 for smaller cities and nonprofits (Note: initial contracts will reflect half of their Board approved amount to reflect proportionality to DOE funds available to date.)	Obligation required by September 30, 2010. Recipients will be required to expend all funds within a two year contract period. Federal funding expiration date is March 31, 2012.
Homelessness Prevention and Rapid Re-Housing (HPRP) $41,472,772 HUD $1,500,000,000	Rental assistance; housing search assistance, credit repair, security/ utility deposits & payments, moving cost assistance, and case management Persons at or below 50% of AMI	On June 26 HUD approved TDHCA's HPRP Substantial Amendment to the HUD Con Plan. Awards to subrecipients were made July 30. Contracts have been provided to subrecipients for execution.	Total Allocation of Funds: • $1,036,819 (2.5%) for State Administration • $2,073,639 (5%) for Pilot Projects • $38,362,314 Subrecipient Allocation On July 30 the Board allocated funds for Pilot Projects and Subrecipients as noted above. Subrecipient funds were regionally allocated. (List available on TDHCA's Recovery Act webpage.)	HUD requires 60% of funds expended in 2 years; 100% in 3 years. Recipients will be required to expend all funds within a two year contract period.
Community Services Block Grant (CSBG) $48,148,071 HHS $1,000,000,000	Assists existing CSBG network of Community Action Agencies with essential services. Persons at or below 200% of poverty	The CSBG Plan was released for public comment and submitted to HHS by May 29. Contracts have been provided to subrecipients for execution.	Total Allocation of Funds: (List available on TDHCA's Recovery Act webpage.) • $481,481 for Benefit Enrollment / Coordination activities • $47,666,590 Community Action Network Allocation The existing CSBG formula was applied to the allocation available for the Community Action Network. There are no administrative funds and no discretionary funds. Contracts for funds are currently pending execution.	Obligation required by September 30, 2010. Recipients will be required to expend all funds within a one year contract period.

Program Amount Fed Agency Tot Fed Avail.	Eligible Activities / Income Eligibility	Status	Planned Allocation of Funds / Commitment of Funds	Timeline / Contract Period
Homebuyer Tax Credit MAP: $ 2.5M Statewide: $5M Allows up to $8,000 per household	Home purchases through December 1, 2009 for first time homebuyers Low/moderate income Household income qualifications vary by family size, program used, and geographic area.	Mortgage Assistance Program (in conjunction with Department's MCC and MRB Programs): $2.5 million. Tax credit advance loan to MCC & MRB borrower's up to $6,000; loan is interest free for the initial 120 days; thereafter, 5 years at 7% interest. 90-Day Down Payment Assistance Program: $5 million. Tax credit advance loan for stand-alone borrower's up to $7,000; loan is interest free for the initial 90 days; thereafter, 2 years at 10% interest.	*Mortgage Advantage Program*: 43 Loan Files totaling $232,055 in assistance *90- Day Down Payment Assistance Program*: 256 Loan Files totaling $1,367,746 in assistance (loan documents prepared and either closed or in the process of closing: 72) Both Programs: Contracts are with participating lenders; funds are first come-first serve for households within that network of lenders. Loan repayments will be recycled for use to eligible households.	Not applicable
Tax Credit Assistance Program (TCAP) $148,354,769 HUD $2,200,000,000	Provides gap assistance for 2007, 2008 or 2009 HTC awarded developments Household income up to 60% AMI	56 TCAP applications were received requesting approximately $205 million. Applications are under review and will be awarded in September and October; awards for 2009 tax credit awardees are anticipated in December. (List of applicants available on website.)	Available to 2007, 2008 and 2009 Housing Tax Credits awardees. Funds are to be allocated regionally as show in the TCAP Policy Supplement. Within regions applications will compete using a Selection Criteria also noted in the Supplement. The Board gives priority to tax credit developments that are ready to proceed and that maximize the use of their prior awards and tax credit resources. Funds will be made available as loans; loan terms vary based on the TCAP product selected.	Property owners must expend 75% of funds by Feb 17, 2011. Owners must expend 100% of funds by February 17, 2012. May correlate with placement in service.
Housing Tax Credit Exchange Program $372,347, 839 Treasury NA	Provides assistance to tax credit developments Household income up to 60% AMI	The Board adopted a Housing Tax Credit Exchange Program policy, based on public comment at the July 30 meeting. 190 TCEX applications were received requesting approximately $863 million. (List of applicants available on website.)	Legislative action was taken to enable tax credit exchange opportunities to be extended to 2007 and 2008 applicants in addition to 2009 applicants, should the Board so choose. No administrative funds permitted. Allocation methodology to be determined. Total amounts by formula calculation of 40% of 2009 9% HTC allocation, plus 100% of unused 2008 9% allocation and returned 2009 9% allocation multiplied by .85 and 10. Funds will be made available as grants. Because the Department will have asset management responsibility and potentially "recapture" obligations if a funded development fails to comply with IRC requirements, the Department will take a limited partner position in each exchange funded project.	To Be Determined. Unused funds to be returned by January 2011.

Note: This table only reflects activity under the American Recovery and Reinvestment Act (ARRA).

For questions regarding Recovery Act funds administered by TDHCA contact:
TDHCA Office of Recovery Act Accountability & Oversight
512-475-3800
brenda.hull@tdhca.state.tx.us
http://www.tdhca.state.tx.us/recovery/

COMMUNITY AFFAIRS DIVISION

BOARD ACTION REQUEST

SEPTEMBER 3, 2009

Action Items

Presentation, Discussion and Possible Approval of the Department Policy for the Homeless Housing and Services Program (HHSP).

Required Action

Approve, deny or approve with modifications the Department Policy related to the distribution of the $20 million in General Revenue funds to the eight largest cities for the purposes of the Homeless Housing and Services Program.

Background

During the 81st (Regular) Legislative Session, the Legislature appropriated $20,000,000 over the biennium to be administered by the Texas Department of Housing and Community Affairs (the Department) to fund the Homeless Housing and Services Program (HHSP) in the eight largest cities. Riders 18 and 19 explain the intention of the Legislature with respect to the disposition of these funds and are provided within the policy on the following page.

On August 5, 2009, the Department hosted a conference call with the mayoral designee(s) for each of the eight cities to gather their input on the design of the program. Based on that meeting, the Department has developed the attached Policy in order to obligate and award the funds per legislative intent. If approved, it is expected that the awards will be presented to the Board at the November 19 Board meeting.

Recommendation

Staff recommends approval of the Department Policy for the Homeless Housing and Services Program.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

Policy on the Homeless Housing and Services Program (HHSP) 2010-2011 General Revenue

I. Background

During the 81st (Regular) Legislative Session, the Legislature appropriated $20,000,000 over the biennium to be administered by the Texas Department of Housing and Community Affairs (the Department) to fund the Homeless Housing and Services Program (HHSP). Riders 18 and 19 (the Riders) of the General Appropriates Act explain the intention of the Legislature with respect to the disposition of these funds. These riders are provided in their entirety below:

18 **Homeless Housing and Services.** Out of funds appropriated above in Strategy C.1.1, Poverty-Related Funds, $10,000,000 in each fiscal year in General Revenue is hereby appropriated to the Department of Housing and Community Affairs (TDHCA) for the purposes of assisting regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. Pursuant to Government Code, Section 2306.053, funding for this program shall be awarded by TDHCA through a competitive matching grant process whereby the eight largest cities may seek additional funding for this purpose. The agency shall distribute these funds to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures.

19 **Financial Assistance for Local Initiatives Regarding the Homeless.** It is the intent of the Legislature that the Department of Housing and Community Affairs:
(1) use funds appropriated to the department under this Act to provide financial assistance to political subdivisions, housing finance corporations, for-profit corporations, and nonprofit organizations to support local initiatives regarding homeless individuals and families; and
(2) seek any federal funding available for the purpose of providing financial assistance described by subdivision (1).

II. Eligible Recipients

Per the noted Riders, eligible recipients (Subgrantees) are limited to the eight largest cities in Texas with populations larger than 285,500 persons per the latest U.S. Census figures. By council resolution, Cities may appoint a sole direct designee in lieu of the City. Such designee shall be deemed the Subgrantee for the duration of the award.

III. Eligible Activities and Prohibitions

The Legislature provided latitude with respect to the types of services and activities that are allowable under this program. Allowable activities shall include construction and rehabilitation of structures targeted to serving homeless or at-risk individuals; operations of direct services; case management; housing retention; homelessness prevention; rental assistance; or other homelessness related activity as approved by the Department. Final determination of an allowable activity is at the sole discretion of the Department and will be determined prior to execution of any contract.

Subgrantees are prohibited from using HHSP funds to supplant existing federal, state or local homeless funds unless such funds are re-directed to other homeless or homelessness prevention activities. Subgrantees are required to adhere to state laws and prohibitions regarding the use of state general revenue funds.

IV. Defined Target Populations

For the purpose of the HHSP, the term Homeless shall mean individuals who lack a fixed, regular, and adequate nighttime residence and includes:

A. Individuals (including children and youth) and families who are sharing the housing of other persons due to loss of housing, economic hardship, domestic violence, chronic or major health issues, or similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; are abandoned in hospitals; or are awaiting foster care placement;
B. Individuals and families who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
C. Individuals and families who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
D. Migratory families who qualify as homeless for the purposes of this subtitle because the children are living in circumstances described in A, B and C, above.

V. Allocation Methodology

The Department will allocate $20 million through a formula which utilizes U.S. Census data for population and poverty for each city. The population and poverty allocation will each be weighted 50% toward the city allocation. Administrative funds of 2.5% ($500,000) will be reserved for Department administration including contract management, reporting, monitoring, and draw processing.

Homelessness Housing and Services Allocation Formula

Total funds to be allocated:* **$ 19,500,000**

Name	Population Allocation	Poverty Allocation	Final Allocation	Final Allocation Percentage
	50%	50%		
Arlington	484,545	491,750	976,295	5.0%
Austin	970,394	952,105	1,922,498	9.9%
Corpus Christi	372,849	406,597	779,446	4.0%
Dallas	1,619,990	1,741,374	3,361,364	17.2%
El Paso	792,579	833,881	1,626,459	8.3%
Fort Worth	890,398	776,913	1,667,312	8.6%
Houston	2,883,702	2,872,351	5,756,053	29.5%
San Antonio	1,735,544	1,675,030	3,410,574	17.5%
Total	9,750,000	9,750,000	19,500,000	100.0%

*Admin at 2.5%

VI. Match Requirement

Each Subgrantee is required to provide matching funds that equal or exceed 10% of their Final Allocation. Match can be in the form of cash or in-kind contributions; administrative costs are to be borne fully by the Subgrantee and can be counted toward this match requirement.

VII. Funding Request and Award Process

The Department will release a Funding Request Submission Packet to the cities meeting the criteria of an Eligible Recipient, being cities in Texas with populations over 285,500 persons. This Packet will outline what information is required of each applicant, including a complete description of the services and/or activities to be funded; timelines for usage of funds; capacity of key staff to perform the described services and/or activities; the location of the services and/or activity; the estimated projected outcomes; and the amount and source of matching funds. A certification relating to state laws and regulations, as well as eligible uses of funds, will be required to be received. The Funding Request Packet must show the allocation's full expenditure in no more than a two-year period.

Upon review, the Department's Board will be presented with the award of funds based on the Funding Request Packets. A contract obligating the funds, and outlining the performance benchmarks and requirements will be executed by both parties.

VIII. Performance and Evaluation

The Department will establish a system of measuring performance and outcomes for the funds that are awarded. These performance and outcome measures will be based on the specific approved Funding Request Packet from each Subgrantee. Monitoring and evaluation of service provision and operating funds will be identified and included in Subgrantee contracts. Data gathered will include: the number of individuals projected to be served; the number of actual individuals served; the types of services they receive; and status (e.g., housed or homeless) at exit of program. Benchmarks for measuring timely expenditure of funds will be provided for in the contract, but will be designed to emphasize expeditious use of funds. The Department has the latitude to establish the type of reporting that we will require of the cities receiving HHSP funds.

All funds are to be fully expended by August 31, 2011; Subgrantees are strongly encouraged to fully expend funds well before that date. Expenditure rates for each Subgrantee will be determined by the type of activity proposed and awarded.

IX. Construction Activities

Subgrantees whose contracts include construction activities will be required to have the specific construction activity approved by the Department prior to the commitment of funds. Each construction project must meet all applicable State regulations including construction codes and accessibility requirements, must not displace affordable housing units and must meet all Departmental requirements under the Texas Government Code Chapter 2306 and the Texas Administrative Code Title 10. Prior to release of the first draw of funds for construction activities, Subgrantees must submit one of the following:

1) for new construction, architectural plans and specifications, and the final approved construction budget (identifying all sources of funding and uses), or

2) for rehabilitation, a detailed scope of work/work write-up, specifications and the final approvéd construction budget (identifying all funding sources and uses).

The Department will be a party to all required insurance and bonding. Before initial construction or rehabilitation occurs, the Subgrantee must request and receive an executed Notice to Proceed from the Department and must submit a copy of the Building Permit.

The Subgrantee must use standard construction contracts and forms and 10% retainage shall be withheld for all construction budget activities. The Subgrantee must conduct progress inspections (using a qualified individual) during construction in order to assure quality control and compliance. Inspections must occur prior to submitting additional funds under the contract to ensure that completed items meet the specifications. Documentation requested may include subcontractor applications for payment with invoices and an affidavit of all bills paid and waiver of liens for each progress draw request. The Department reserves the right to conduct on-site inspections. Prior to final payment of retainage, the Subgrantee must complete and submit the final inspection, waivers of liens from all contractors and subcontractors, and a certificate of occupancy if applicable.

X. Release of Funds

Subgrantees will be able to request up to 25% of their total allocation upon execution of their contract. After Subgrantees have provided expenditure reports and invoices, and appropriate construction documentation as described in Section IX of this Policy, that show significant and ongoing progress on the contract performance for the initial funds released, the Department will release a subsequent installment of 25% of the total allocation. Total funds released under a contract may not exceed 50% of the total allocation prior to September 1, 2010. On or after September 1, 2010, the Subgrantee may request the third installment of 25%; funds will be released only to Subgrantees which are determined to be in compliance with the terms of the contract. The final 25% shall be released approximately six months later or when appropriate expenditure reports have been submitted, whichever comes first. For construction activities, the balance of funds released will be reduced by the outstanding retainage balance until construction requirements have been satisfied as noted in Section IX of this Policy. This section is subject to change contingent on authorized dispersement methods for general revenue.

XI. Timeline

The Department proposes the following timeline for HHSP. All times are based on the assumption of Board approval on September 3, 2009.

September 3, 2009	Board Approval of Policy
September 16, 2009	Release of Funding Request Submission Packet
October 16, 2009	Funding Request Submission Packets due to Department
November 19, 2009	Award Recommendations presented to Department Board
December 1, 2009	Contract start date

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval to report on homes considered and reviewed by the Executive Director for services for local code requirements that exceed the established cap of $10,000

Requested Action

None. Informational report.

Background

On November 13, 2008, the TDHCA Board approved Amendment 6 to the Action Plan, which altered the reconstruction maximum benefit restrictions in the Action Plan under HAP and SPRP components of CDBG Round 2. The alteration included separating construction costs for the new structure itself and related costs such as demolition, closing costs and remediation for subsequent board approval after public comment. This action, approved by HUD, allowed the Board to direct staff to modify limits, as needed.

On December 18, 2008, as part of this request to increase limits within this program, the TDHCA Board approved up to $10,000 per home in excess of the structure cost of a home to address local code requirements, such as septic systems, off street parking, water wells, underground electrical services, and those types of items that are necessary to meet the requirements of the local municipality.

On May 21, 2009, the Board approved a policy that granted the Executive Director and the executive review team to evaluate and grant increases on a case by case basis. For this group of applications, the executive review team consisted of the Deputy Executive Director for Emergency Housing and Disaster Recovery, the Chief of Staff, and the Executive Director.

The following increases were granted:

Application Number	City	Requirement	Total
1091	Brookeland	Septic ($6,500), Fill dirt ($5,500)	$12,000.00
2970	Vidor	Well ($10,000), Septic ($12,500), Tree and lot clearing ($2,000)	$24,500.00
1535	Wiergate	Septic ($7,000), Well ($6,000)	$13,000.00
1567	Buna	Septic ($6,600), Well ($6,000)	$12,600.00
1698	Call	Well ($4,000), Septic ($6,600)	$10,600.00
1749	Kirbyville	Septic ($7,350), Well ($7,350)	$14,700.00
1882	Newton	Septic ($6,600), Well ($6,000)	$12,600.00
1991	Kirbyville	Well ($6,000), Septic ($6,600)	$12,600.00
2003	Jasper	Septic ($6,500), Grading ($3,750)	$10,250.00

4236	Orange	Septic ($12,500)	$12,500.00
5266	Cleveland	Septic ($6,600), Well ($6,000)	$12,600.00
5418	Beach City	Well ($6,600), Septic with drip irrigation ($10,000)	$16,600.00
6219	Orange	Septic ($6,600), Well ($6,000)	$12,600.00
6571	Orange	Septic system ($12,600)	$12,500.00
1975	Kirbyville	Septic system, ($7,000), Water well ($6,000)	$13,000.00

Recommendation

Report on increases granted in excess of the $10,000 cap to comply with items required by local municipalities.

HOUSING RESOURCE CENTER

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of the *2010 Regional Allocation Formula (RAF) Methodology (Draft for Public Comment)*

Requested Action

Approval of the *Draft 2010 RAF Methodology* is requested.

- See Attachment A for the Draft 2010 RAF Distribution for the HOME, Housing Tax Credit (HTC) and Housing Trust Fund (HTF) programs. Note that the percentages and figures may change in the final published version of the RAF based on updated data on other available housing resources.
- See Attachment B for the *Draft 2010 RAF Methodology*.

Background

§2306.111(d) of the Texas Government Code requires that the Department use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and 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. The RAF also allocates funding to rural and urban areas within each region. As a dynamic measure of need, the RAF is revised annually to reflect updated data; respond to public comment; and better assess regional housing needs and available resources.

The HOME, HTC and HTF 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 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 draft RAF methodology will be made available for public comment from September 18th through October 19th, 2009. The final methodology will be published on the Department website. It should be noted that the Board is approving the formula methodology, not specific allocation amounts. Staff recommends updating the formula with recent award data following any Board action impacting 2009 awards during the November 19th Board meeting. Board action impacting 2009 awards could result in shifting allocation amounts. Staff recommends updating the formula with available data until November 20th, permitting the Department to submit the RAF with the HTC Application Submission Procedures Manual submitted to the Governor for signature with the Qualified Action Plan by December 1st. Note also that the tax credit amounts do not yet reflect forward commitments that may be made out of the 2010 ceiling.

Recommendation

It is recommended that the Board approve the *2010 Regional Allocation Formula Methodology (Draft for Public Comment)* as discussed herein.

ATTACHMENT A
2010 DRAFT RAF DISTRIBUTION FOR THE HTC, HOME AND HTF PROGRAMS

Note that shifts in the regional and allocation amounts should be expected in the final version of the regional allocation formula after updated population data and data on other available resources is incorporated into the formula including Tax Credit Assistance Program and HTC Exchange funding activity. Also note that Board action, including forward commitments, may alter the total amount available for distribution in each region and subregion during the 2010 housing tax credit cycle.

2010 DRAFT HTC RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,369,771	3.4%	$656,511	47.9%	$713,260	52.1%
2	Abilene	$828,266	2.0%	$529,694	64.0%	$298,572	36.0%
3	Dallas/Fort Worth	$9,528,909	23.4%	$985,331	10.3%	$8,543,577	89.7%
4	Tyler	$1,388,839	3.4%	$833,569	60.0%	$555,270	40.0%
5	Beaumont	$1,013,836	2.5%	$643,475	63.5%	$370,361	36.5%
6	Houston	$9,762,626	24.0%	$938,146	9.6%	$8,824,479	90.4%
7	Austin/Round Rock	$2,803,572	6.9%	$600,509	21.4%	$2,203,063	78.6%
8	Waco	$1,943,373	4.8%	$569,671	29.3%	$1,373,703	70.7%
9	San Antonio	$2,931,963	7.2%	$605,112	20.6%	$2,326,851	79.4%
10	Corpus Christi	$1,448,539	3.6%	$595,275	41.1%	$853,263	58.9%
11	Brownsville/Harlingen	$5,188,920	12.8%	$1,517,383	29.2%	$3,671,536	70.8%
12	San Angelo	$677,732	1.7%	$524,297	77.4%	$153,435	22.6%
13	El Paso	$1,751,101	4.3%	$562,778	32.1%	$1,188,323	67.9%
	Total	$40,637,446	100.0%	$9,561,752	23.5%	$31,075,694	76.5%

Rural Percent of Tax Credit Ceiling Amount: 20%

The final amount of rural funding for the HTC RAF was adjusted using the following steps. Step One: Regions with less than $500,000 rural funding were adjusted up to $500,000. Step Two: The rural percentage of the total tax credit ceiling amount was calculated and if the rural percentage was less than 20 percent, the rural amount for each region was increased at a rate equal to their regional funding percentage until the overall state rural percentage reached 20 percent.

2010 DRAFT HOME RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,854,383	5.3%	$1,853,972	100.0%	$411	0.0%
2	Abilene	$1,247,828	3.6%	$1,214,720	97.3%	$33,109	2.7%
3	Dallas/Fort Worth	$6,814,244	19.6%	$1,915,196	28.1%	$4,899,047	71.9%
4	Tyler	$3,802,970	11.0%	$3,276,048	86.1%	$526,922	13.9%
5	Beaumont	$1,770,728	5.1%	$1,628,770	92.0%	$141,958	8.0%
6	Houston	$2,559,265	7.4%	$895,649	35.0%	$1,663,616	65.0%
7	Austin/Round Rock	$1,853,763	5.3%	$750,011	40.5%	$1,103,753	59.5%
8	Waco	$1,081,731	3.1%	$754,371	69.7%	$327,361	30.3%
9	San Antonio	$1,835,643	5.3%	$1,160,118	63.2%	$675,525	36.8%
10	Corpus Christi	$2,324,321	6.7%	$1,613,993	69.4%	$710,327	30.6%
11	Brownsville/Harlingen	$6,938,992	20.0%	$3,866,869	55.7%	$3,072,124	44.3%
12	San Angelo	$1,480,517	4.3%	$651,394	44.0%	$829,123	56.0%
13	El Paso	$1,135,614	3.3%	$838,439	73.8%	$297,175	26.2%
	Total	$34,700,000	100.0%	$20,419,551	58.8%	$14,280,449	41.2%

2010 DRAFT HTF RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$65,423	3.3%	$40,409	61.8%	$25,014	38.2%
2	Abilene	$41,153	2.1%	$25,382	61.7%	$15,771	38.3%
3	Dallas/Fort Worth	$466,541	23.3%	$33,702	7.2%	$432,839	92.8%
4	Tyler	$103,918	5.2%	$63,086	60.7%	$40,832	39.3%
5	Beaumont	$41,589	2.1%	$26,499	63.7%	$15,090	36.3%
6	Houston	$419,744	21.0%	$22,583	5.4%	$397,161	94.6%
7	Austin/Round Rock	$86,120	4.3%	$6,501	7.5%	$79,618	92.5%
8	Waco	$87,166	4.4%	$22,401	25.7%	$64,765	74.3%
9	San Antonio	$140,698	7.0%	$20,599	14.6%	$120,099	85.4%
10	Corpus Christi	$87,681	4.4%	$37,011	42.2%	$50,671	57.8%
11	Brownsville/Harlingen	$334,744	16.7%	$103,583	30.9%	$231,161	69.1%
12	San Angelo	$45,381	2.3%	$16,806	37.0%	$28,575	63.0%
13	El Paso	$79,843	4.0%	$13,395	16.8%	$66,447	83.2%
	Total	$2,000,000	100.0%	$431,958	21.6%	$1,568,042	78.4%

Note that the RAF will apply to specific activities of HTF funds as noted in the Biennial Housing Trust Fund Plan. The amounts for those programs vary and the numbers above are based on a fictional $2,000,000 activity.

ATTACHMENT B
2010 REGIONAL ALLOCATION FORMULA METHODOLOGY
Draft for Public Comment

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BACKGROUND

Sections 2306.111(d) and 2306.1115 of the Texas Government Code require 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 areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

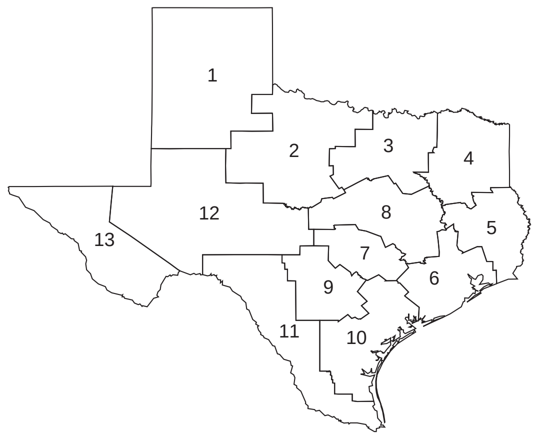

Figure 1. State Service Regions

The HOME, HTF and 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 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

METHODOLOGY

Consideration of Affordable Housing Need
The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80% of the Area Median Family Income (AMFI).

- Because the HTC program supports rental development activities, renter household data is used for the HTC RAF.

▪ Because the HOME and HTF programs support renter and owner activities, both renter and owner data is used in the HOME and HTF RAFs.

The following steps are used to measure regional need.

1. Need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.[1]
2. Each need measure 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.
3. 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.
4. The resulting regional measure distributions are then combined to calculate each region's need-based funding amount.
5. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

Consideration of Available Housing Resources
In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used.

- The HTC RAF uses rental funding sources.
- The HTF RAF uses sources of rental and owner funding.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in the HOME, HTF and HTC RAFs.

- Housing Tax Credits (4% and 9%)[2]
- 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)

1 The 2009 HISTA data, or Households by Income, Size, Tenure and Age, from Ribbon Demographics is utilized in the RAF. HISTA data is based upon special tabulations of 2000 US Census data with demographic projections provided by Claritas.
2 Estimated capital raised through the syndication of the HTCs. This figure is $0.70 based upon a survey of HTC applications.

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- Multifamily Texas Housing Trust Fund
- Multifamily Tax-Exempt Bond Financing[3]
- United States Department of Agriculture (USDA) Multifamily Development Funding
- USDA Rental Assistance

The HOME and HTF RAFs also include the following sources of owner funding.

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.
2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

Comparison of Regional Need and Available Resource Distributions
In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized or benefited by the resource funding adjustments. 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.

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[3] 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. The Final RAF will utilize the most current award data available.

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 Urban Need[4]

There are a number of factors that affect the distribution of resources to rural and urban 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 areas, the RAF analyzes the distribution of rural and urban need and resources at the regional level.

The RAF uses the following definitions to categorize rural and urban 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 25,000[5] or less and does not share a boundary with an Urban Area.[6]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[7]

3. Urban – An Area that:

[4] §2306.111(d) requires the RAF to consider "rural and urban areas" in its distribution of program funding.

[5] 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.

[6] 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 25,000. 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.

[7] TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of an area by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. 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.

a. is located within the boundaries of a metropolitan statistical area (MSA); or
b. does not meet the Rural Area definition.

Measuring Rural and Urban Affordable Housing Need
The following steps calculate the level of need in rural and urban areas.

1. Need data are adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2. 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.
3. Area level measure data is identified as being rural or urban based on the RAF area definitions.
4. Using the coded area data, each measure's affected number of rural and urban persons or households in the region is calculated.
5. The corresponding measure rural and urban percentages are calculated.
6. For each measure, the regional funding amount is multiplied by the measure rural and urban percentages to calculate the rural and urban measure funding amounts.
7. The rural and urban measure funding amounts are summed for the measures. These totals are the region's rural and urban need based funding amounts.
8. The region's rural and urban need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban need percentages.

Measuring Rural and Urban Available Resources
The following steps calculate the Rural and Urban distribution of available housing resources.

1. The geographically coded area data is summed to calculate regional rural and urban resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban areas within the county. The resulting totals are the rural and urban resource totals.
2. The corresponding regional rural and urban resource percentages are calculated.

Rural and Urban Available Resources Funding Adjustment
The following steps calculate the rural and urban area resource funding adjustments.

1. The differences between the rural and urban resource percentages and rural and urban need percentages are calculated. The resulting differences show which of the two areas (rural or urban) 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 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 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.

For the HTC RAF, the regional amount of rural funding is adjusted to a minimum of $500,000, if needed, and the overall state rural percentage of the total tax credit ceiling amount is adjusted to a minimum of 20 percent, if needed.

QUESTIONS AND COMMENTS

Email: brenda.hull@tdhca.state.tx.us
Phone: (512) 305-9038   Fax: (512) 469-9606
Mail: TDHCA, P.O. Box 13941, Austin, TX 78711-3941

HOUSING RESOURCE CENTER

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of the *2010 Affordable Housing Need Score (AHNS) Methodology (Draft for Public Comment)*

Required Action

Approval of the *Draft 2010 AHNS Methodology* is requested.

- See Attachment A for the proposed *Draft 2010 AHNS Methodology*.
- See Attachment B for the Housing Tax Credit (HTC), Housing Trust Fund (HTF), and HOME Scores as generated by the *Draft 2010 AHNS Methodology*. Note that the scores will change in the final published version of the AHNS based on Board action on 2009 awards.

Background

The AHNS scoring criterion is used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final methodology and resulting scores are published on the TDHCA website.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need. The HOME, HTF, and 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, 95 percent of HOME funding is set aside for non-participating jurisdictions (PJ). Therefore, the HOME AHNS only uses need data for non-PJs.

The *Draft 2010 AHNS Methodology* will be made available for public comment from September 18th through October 19th, 2009. Staff recommends updating the scores with recent award data until November 20th to allow for any changes in 2009 awards during the November 19th Board meeting.

Recommendation

Approval for the release of the *2010 Affordable Housing Need Score (AHNS) Methodology (Draft for Public Comment).*

2010 Affordable Housing Needs Score Methodology
Draft for Public Comment

Deleted: 2009

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.

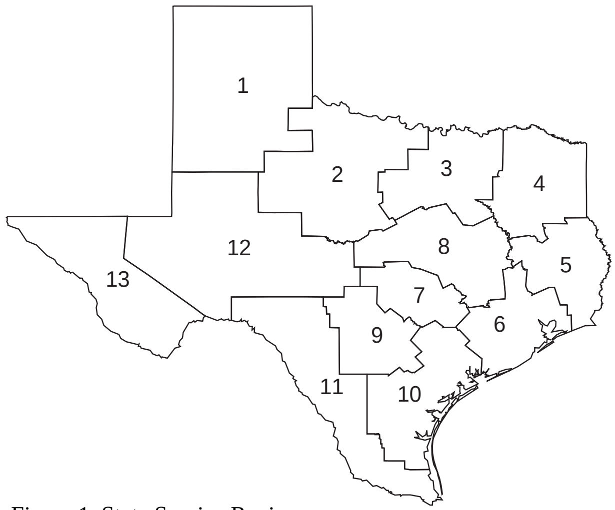

Figure 1. State Service Regions

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, HTF, and 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 accurate and recent population estimate data available.

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 scores, RD activity is used;

b) For HOME and HTF TBRA and RD scores, TBRA[1] and RD activity is used;
c) For HOME and HTF DPA scores, First Time Homebuyer and HOME DPA activity is used; and
d) For HOME and HTF 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 6 points).

Rural and Urban Need
Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.

The RAF and AHNS use the following definitions to categorize rural and urban 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 25,000[2] or less and does not share a boundary with an Urban Area.[3]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[4]
3. Urban – An Area that:
   a. is located within the boundaries of a metropolitan statistical area (MSA); or
   b. does not meet the Rural Area definition.

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 2009, this is 2 years/9 years or an approximate reduction in the number of households in need by 25 percent for each TBRA voucher.

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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 25,000. 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.

4 TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of an area by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. 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.

Draft 2010 HTC Affordable Housing Need Scores (AHNS) Place Level

(Sorted by Region then Place)

Instructions:
Use this table to determine an application's AHNS:
(1) Locate the row that corresponds to the place where the funds will be used.
(2) Development sites located outside the boundaries of a place (as designated by the U.S. Census) will utilize the score of the place whose boundary is closest to the development site.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Raquel Morales via facsimile at (512) 475-0764 or by email at raquel.morales@tdhca.state.tx.us.

Sorted by Region then Area Name

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
1	Abernathy	Hale	Rural	5	4	-1
1	Adrian	Oldham	Rural	5	6	1
1	Amarillo	Potter	Urban	5	5	0
1	Amherst	Lamb	Rural	4	4	0
1	Anton	Hockley	Rural	3	3	0
1	Bishop Hills	Potter	Rural	3	3	0
1	Booker	Lipscomb	Rural	5	5	0
1	Borger	Hutchinson	Rural	4	4	0
1	Bovina	Parmer	Rural	3	3	0
1	Brownfield	Terry	Rural	6	6	0
1	Buffalo Springs	Lubbock	Rural	4	3	-1
1	Cactus	Moore	Rural	3	3	0
1	Canadian	Hemphill	Rural	5	5	0
1	Canyon	Randall	Rural	6	6	0
1	Channing	Hartley	Rural	6	6	0
1	Childress	Childress	Rural	4	4	0
1	Clarendon	Donley	Rural	5	5	0
1	Claude	Armstrong	Rural	6	6	0
1	Crosbyton	Crosby	Rural	5	5	0
1	Dalhart	Dallam	Rural	6	6	0
1	Darrouzett	Lipscomb	Rural	6	6	0
1	Denver City	Yoakum	Rural	4	4	0
1	Dickens	Dickens	Rural	6	6	0
1	Dimmitt	Castro	Rural	4	4	0
1	Dodson	Collingsworth	Rural	6	6	0
1	Dumas	Moore	Rural	4	4	0
1	Earth	Lamb	Rural	4	4	0
1	Edmonson	Hale	Rural	3	3	0
1	Estelline	Hall	Rural	6	5	-1
1	Farwell	Parmer	Rural	6	6	0
1	Floydada	Floyd	Rural	5	5	0
1	Follett	Lipscomb	Rural	3	3	0
1	Friona	Parmer	Rural	5	5	0
1	Fritch	Hutchinson	Rural	5	5	0
1	Groom	Carson	Rural	6	6	0

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
1	Gruver	Hansford	Rural	5	5	0
1	Hale Center	Hale	Rural	5	5	0
1	Happy	Swisher	Rural	4	4	0
1	Hart	Castro	Rural	4	4	0
1	Hartley	Hartley	Rural	4	4	0
1	Hedley	Donley	Rural	6	6	0
1	Hereford	Deaf Smith	Rural	3	3	0
1	Higgins	Lipscomb	Rural	3	3	0
1	Howardwick	Donley	Rural	6	6	0
1	Idalou	Lubbock	Rural	3	3	0
1	Kress	Swisher	Rural	5	5	0
1	Lake Tanglewood	Randall	Rural	6	6	0
1	Lakeview	Hall	Rural	6	6	0
1	Lefors	Gray	Rural	3	3	0
1	Levelland	Hockley	Rural	5	5	0
1	Lipscomb	Lipscomb	Rural	3	3	0
1	Littlefield	Lamb	Rural	6	6	0
1	Lockney	Floyd	Rural	3	4	1
1	Lorenzo	Crosby	Rural	4	4	0
1	Lubbock	Lubbock	Urban	6	6	0
1	Matador	Motley	Rural	3	4	1
1	McLean	Gray	Rural	5	5	0
1	Meadow	Terry	Rural	3	3	0
1	Memphis	Hall	Rural	4	4	0
1	Miami	Roberts	Rural	6	6	0
1	Mobeetie	Wheeler	Rural	3	3	0
1	Morse	Hansford	Rural	5	4	-1
1	Morton	Cochran	Rural	3	3	0
1	Muleshoe	Bailey	Rural	3	3	0
1	Nazareth	Castro	Rural	3	4	1
1	New Deal	Lubbock	Rural	5	5	0
1	New Home	Lynn	Rural	4	4	0
1	O'Donnell	Lynn	Rural	3	3	0
1	Olton	Lamb	Rural	3	3	0
1	Opdyke West	Hockley	Rural	5	4	-1
1	Palisades	Randall	Rural	5	4	-1
1	Pampa	Gray	Rural	4	4	0
1	Panhandle	Carson	Rural	4	4	0
1	Perryton	Ochiltree	Rural	3	3	0
1	Petersburg	Hale	Rural	3	3	0
1	Plains	Yoakum	Rural	4	4	0
1	Plainview	Hale	Rural	4	4	0
1	Post	Garza	Rural	6	6	0
1	Quail	Collingsworth	Rural	3	3	0
1	Quitaque	Briscoe	Rural	6	6	0
1	Ralls	Crosby	Rural	4	4	0
1	Ransom Canyon	Lubbock	Rural	4	4	0
1	Reese Center	Lubbock	Urban	3	3	0
1	Roaring Springs	Motley	Rural	3	3	0

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
1	Ropesville	Hockley	Rural	3	3	0
1	Samnorwood	Collingsworth	Rural	3	3	0
1	Sanford	Hutchinson	Rural	5	4	-1
1	Seth Ward	Hale	Rural	5	5	0
1	Shallowater	Lubbock	Rural	6	6	0
1	Shamrock	Wheeler	Rural	5	5	0
1	Silverton	Briscoe	Rural	5	5	0
1	Skellytown	Carson	Rural	3	3	0
1	Slaton	Lubbock	Rural	5	5	0
1	Smyer	Hockley	Rural	4	4	0
1	Spade	Lamb	Rural	5	5	0
1	Spearman	Hansford	Rural	3	3	0
1	Springlake	Lamb	Rural	6	6	0
1	Spur	Dickens	Rural	3	3	0
1	Stinnett	Hutchinson	Rural	5	5	0
1	Stratford	Sherman	Rural	3	3	0
1	Sudan	Lamb	Rural	4	4	0
1	Sundown	Hockley	Rural	4	4	0
1	Sunray	Moore	Rural	4	4	0
1	Tahoka	Lynn	Rural	3	3	0
1	Texhoma	Sherman	Rural	6	6	0
1	Texline	Dallam	Rural	4	4	0
1	Timbercreek Canyon	Randall	Rural	3	3	0
1	Tulia	Swisher	Rural	4	4	0
1	Turkey	Hall	Rural	3	3	0
1	Vega	Oldham	Rural	5	6	1
1	Wellington	Collingsworth	Rural	4	4	0
1	Wellman	Terry	Rural	4	4	0
1	Wheeler	Wheeler	Rural	4	4	0
1	White Deer	Carson	Rural	5	5	0
1	Whiteface	Cochran	Rural	3	3	0
1	Wilson	Lynn	Rural	3	3	0
1	Wolfforth	Lubbock	Rural	5	5	0
2	Abilene	Taylor	Urban	5	5	0
2	Albany	Shackelford	Rural	5	5	0
2	Anson	Jones	Rural	3	3	0
2	Archer City	Archer	Rural	4	4	0
2	Aspermont	Stonewall	Rural	4	4	0
2	Baird	Callahan	Rural	3	3	0
2	Ballinger	Runnels	Rural	6	6	0
2	Bangs	Brown	Rural	5	5	0
2	Bellevue	Clay	Rural	5	4	-1
2	Benjamin	Knox	Rural	3	3	0
2	Blackwell	Nolan	Rural	4	4	0
2	Blanket	Brown	Rural	6	6	0
2	Bowie	Montague	Rural	4	4	0
2	Breckenridge	Stephens	Rural	4	4	0
2	Brownwood	Brown	Rural	4	4	0
2	Bryson	Jack	Rural	5	5	0

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
2	Buffalo Gap	Taylor	Rural	4	4	0
2	Burkburnett	Wichita	Rural	5	5	0
2	Byers	Clay	Rural	6	6	0
2	Carbon	Eastland	Rural	3	3	0
2	Chillicothe	Hardeman	Rural	6	6	0
2	Cisco	Eastland	Rural	6	6	0
2	Clyde	Callahan	Rural	5	5	0
2	Coleman	Coleman	Rural	5	5	0
2	Colorado City	Mitchell	Rural	6	6	0
2	Comanche	Comanche	Rural	6	6	0
2	Cross Plains	Callahan	Rural	3	3	0
2	Crowell	Foard	Rural	5	5	0
2	De Leon	Comanche	Rural	5	5	0
2	Dean	Clay	Rural	6	6	0
2	Early	Brown	Rural	4	4	0
2	Eastland	Eastland	Rural	3	3	0
2	Elbert	Throckmorton	Rural	6	6	0
2	Electra	Wichita	Rural	5	5	0
2	Girard	Kent	Rural	3	3	0
2	Goree	Knox	Rural	3	3	0
2	Gorman	Eastland	Rural	3	3	0
2	Graham	Young	Rural	4	4	0
2	Gustine	Comanche	Rural	6	6	0
2	Hamlin	Jones	Rural	4	4	0
2	Haskell	Haskell	Rural	5	5	0
2	Hawley	Jones	Rural	6	6	0
2	Henrietta	Clay	Rural	5	5	0
2	Hermleigh	Scurry	Rural	5	5	0
2	Holliday	Archer	Rural	3	3	0
2	Impact	Taylor	Urban	3	3	0
2	Iowa Park	Wichita	Rural	5	5	0
2	Jacksboro	Jack	Rural	5	5	0
2	Jayton	Kent	Rural	3	3	0
2	Jolly	Clay	Rural	6	6	0
2	Knox City	Knox	Rural	4	4	0
2	Lake Brownwood	Brown	Rural	6	6	0
2	Lakeside City	Archer	Urban	4	4	0
2	Lawn	Taylor	Rural	3	3	0
2	Loraine	Mitchell	Rural	4	5	1
2	Lueders	Jones	Rural	4	4	0
2	Megargel	Archer	Rural	3	3	0
2	Merkel	Taylor	Rural	5	5	0
2	Miles	Runnels	Rural	5	5	0
2	Moran	Shackelford	Rural	4	4	0
2	Munday	Knox	Rural	3	3	0
2	Newcastle	Young	Rural	5	5	0
2	Nocona	Montague	Rural	4	4	0
2	Novice	Coleman	Rural	3	3	0
2	O'Brien	Haskell	Rural	3	3	0

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
2	Olney	Young	Rural	4	4	0
2	Paducah	Cottle	Rural	4	4	0
2	Petrolia	Clay	Rural	6	6	0
2	Pleasant Valley	Wichita	Urban	6	6	0
2	Potosi	Taylor	Urban	6	6	0
2	Putnam	Callahan	Rural	6	6	0
2	Quanah	Hardeman	Rural	6	6	0
2	Ranger	Eastland	Rural	4	4	0
2	Rising Star	Eastland	Rural	4	4	0
2	Roby	Fisher	Rural	5	5	0
2	Rochester	Haskell	Rural	4	4	0
2	Roscoe	Nolan	Rural	4	4	0
2	Rotan	Fisher	Rural	4	4	0
2	Rule	Haskell	Rural	5	4	-1
2	Santa Anna	Coleman	Rural	3	3	0
2	Scotland	Archer	Rural	3	3	0
2	Seymour	Baylor	Rural	4	4	0
2	Snyder	Scurry	Rural	4	4	0
2	St. Jo	Montague	Rural	3	3	0
2	Stamford	Jones	Rural	4	4	0
2	Sunset	Montague	Rural	3	3	0
2	Sweetwater	Nolan	Rural	4	4	0
2	Throckmorton	Throckmorton	Rural	3	4	1
2	Trent	Taylor	Rural	6	5	-1
2	Tuscola	Taylor	Rural	3	3	0
2	Tye	Taylor	Urban	6	6	0
2	Vernon	Wilbarger	Rural	3	3	0
2	Weinert	Haskell	Rural	6	6	0
2	Westbrook	Mitchell	Rural	5	5	0
2	Wichita Falls	Wichita	Urban	4	4	0
2	Windthorst	Archer	Rural	3	3	0
2	Winters	Runnels	Rural	3	3	0
2	Woodson	Throckmorton	Rural	3	3	0
3	Addison	Dallas	Urban	4	4	0
3	Aledo	Parker	Rural	5	5	0
3	Allen	Collin	Urban	5	5	0
3	Alma	Ellis	Rural	6	6	0
3	Alvarado	Johnson	Rural	4	4	0
3	Alvord	Wise	Rural	6	5	-1
3	Angus	Navarro	Rural	4	5	1
3	Anna	Collin	Rural	6	6	0
3	Annetta	Parker	Rural	6	6	0
3	Annetta North	Parker	Rural	6	6	0
3	Annetta South	Parker	Rural	6	6	0
3	Argyle	Denton	Urban	4	4	0
3	Arlington	Tarrant	Urban	5	5	0
3	Aubrey	Denton	Rural	6	6	0
3	Aurora	Wise	Rural	6	6	0
3	Azle	Tarrant	Urban	3	4	1

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Bailey	Fannin	Rural	6	6	0
3	Balch Springs	Dallas	Urban	3	3	0
3	Bardwell	Ellis	Rural	3	3	0
3	Barry	Navarro	Rural	6	6	0
3	Bartonville	Denton	Rural	3	3	0
3	Bedford	Tarrant	Urban	5	5	0
3	Bells	Grayson	Rural	5	5	0
3	Benbrook	Tarrant	Urban	5	5	0
3	Blooming Grove	Navarro	Rural	4	4	0
3	Blue Mound	Tarrant	Urban	4	4	0
3	Blue Ridge	Collin	Rural	5	5	0
3	Bonham	Fannin	Rural	6	6	0
3	Boyd	Wise	Rural	4	4	0
3	Briar	Tarrant	Rural	3	3	0
3	Briaroaks	Johnson	Rural	3	3	0
3	Bridgeport	Wise	Rural	5	5	0
3	Burleson	Johnson	Urban	3	4	1
3	Caddo Mills	Hunt	Rural	6	6	0
3	Callisburg	Cooke	Rural	4	4	0
3	Campbell	Hunt	Rural	5	5	0
3	Carrollton	Denton	Urban	4	4	0
3	Cedar Hill	Dallas	Urban	5	5	0
3	Celeste	Hunt	Rural	3	4	1
3	Celina	Collin	Urban	4	4	0
3	Chico	Wise	Rural	5	5	0
3	Cleburne	Johnson	Urban	3	3	0
3	Cockrell Hill	Dallas	Urban	3	3	0
3	Colleyville	Tarrant	Urban	4	4	0
3	Collinsville	Grayson	Rural	3	3	0
3	Combine	Kaufman	Rural	4	4	0
3	Commerce	Hunt	Rural	6	6	0
3	Cool	Parker	Rural	6	6	0
3	Coppell	Dallas	Urban	4	4	0
3	Copper Canyon	Denton	Urban	6	6	0
3	Corinth	Denton	Urban	3	3	0
3	Corral City	Denton	Rural	3	3	0
3	Corsicana	Navarro	Rural	5	5	0
3	Cottonwood	Kaufman	Rural	3	3	0
3	Crandall	Kaufman	Rural	4	4	0
3	Cross Roads	Denton	Rural	3	3	0
3	Cross Timber	Johnson	Rural	6	6	0
3	Crowley	Tarrant	Urban	4	4	0
3	Dallas	Dallas	Urban	4	4	0
3	Dalworthington Gardens	Tarrant	Urban	3	3	0
3	Dawson	Navarro	Rural	3	3	0
3	Decatur	Wise	Rural	3	3	0
3	Denison	Grayson	Urban	4	4	0
3	Denton	Denton	Urban	6	6	0
3	DeSoto	Dallas	Urban	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Dodd City	Fannin	Rural	6	6	0
3	Dorchester	Grayson	Urban	3	3	0
3	Double Oak	Denton	Urban	6	6	0
3	Dublin	Erath	Rural	4	4	0
3	Duncanville	Dallas	Urban	5	5	0
3	Eagle Mountain	Tarrant	Urban	4	4	0
3	Ector	Fannin	Rural	5	5	0
3	Edgecliff Village	Tarrant	Urban	6	6	0
3	Emhouse	Navarro	Rural	3	3	0
3	Ennis	Ellis	Rural	3	3	0
3	Euless	Tarrant	Urban	3	4	1
3	Eureka	Navarro	Rural	3	3	0
3	Everman	Tarrant	Urban	5	5	0
3	Fairview	Collin	Urban	6	6	0
3	Farmers Branch	Dallas	Urban	3	3	0
3	Farmersville	Collin	Rural	4	4	0
3	Fate	Rockwall	Rural	6	6	0
3	Ferris	Ellis	Rural	4	4	0
3	Flower Mound	Denton	Urban	4	4	0
3	Forest Hill	Tarrant	Urban	3	3	0
3	Forney	Kaufman	Rural	5	5	0
3	Fort Worth	Tarrant	Urban	4	4	0
3	Frisco	Collin	Urban	5	5	0
3	Frost	Navarro	Rural	5	5	0
3	Gainesville	Cooke	Rural	4	4	0
3	Garland	Dallas	Urban	4	4	0
3	Garrett	Ellis	Rural	6	6	0
3	Glen Rose	Somervell	Rural	4	4	0
3	Glenn Heights	Dallas	Urban	5	5	0
3	Godley	Johnson	Rural	6	6	0
3	Goodlow	Navarro	Rural	3	3	0
3	Gordon	Palo Pinto	Rural	6	6	0
3	Graford	Palo Pinto	Rural	4	4	0
3	Granbury	Hood	Rural	5	5	0
3	Grand Prairie	Dallas	Urban	4	4	0
3	Grandview	Johnson	Rural	5	5	0
3	Grapevine	Tarrant	Urban	4	4	0
3	Grays Prairie	Kaufman	Rural	6	6	0
3	Greenville	Hunt	Rural	4	4	0
3	Gunter	Grayson	Rural	4	5	1
3	Hackberry	Denton	Urban	6	6	0
3	Haltom City	Tarrant	Urban	5	5	0
3	Haslet	Tarrant	Urban	4	4	0
3	Hawk Cove	Hunt	Rural	3	3	0
3	Heath	Rockwall	Urban	3	3	0
3	Hebron	Denton	Urban	3	3	0
3	Hickory Creek	Denton	Urban	3	4	1
3	Highland Park	Dallas	Urban	3	3	0
3	Highland Village	Denton	Urban	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Honey Grove	Fannin	Rural	3	3	0
3	Howe	Grayson	Urban	5	5	0
3	Hudson Oaks	Parker	Rural	6	6	0
3	Hurst	Tarrant	Urban	5	5	0
3	Hutchins	Dallas	Urban	5	5	0
3	Irving	Dallas	Urban	4	4	0
3	Italy	Ellis	Rural	4	4	0
3	Josephine	Collin	Rural	6	6	0
3	Joshua	Johnson	Urban	4	4	0
3	Justin	Denton	Rural	5	5	0
3	Kaufman	Kaufman	Rural	3	3	0
3	Keene	Johnson	Rural	5	5	0
3	Keller	Tarrant	Urban	3	3	0
3	Kemp	Kaufman	Rural	6	6	0
3	Kennedale	Tarrant	Urban	4	4	0
3	Kerens	Navarro	Rural	5	5	0
3	Knollwood	Grayson	Urban	6	6	0
3	Krugerville	Denton	Rural	6	6	0
3	Krum	Denton	Rural	3	3	0
3	Ladonia	Fannin	Rural	3	3	0
3	Lake Bridgeport	Wise	Rural	3	3	0
3	Lake Dallas	Denton	Rural	5	5	0
3	Lake Kiowa	Cooke	Rural	3	3	0
3	Lake Worth	Tarrant	Urban	5	5	0
3	Lakeside (Tarrant)	Tarrant	Urban	6	6	0
3	Lakewood Village	Denton	Rural	6	6	0
3	Lancaster	Dallas	Urban	3	3	0
3	Lavon	Collin	Rural	3	3	0
3	Leonard	Fannin	Rural	5	5	0
3	Lewisville	Denton	Urban	5	5	0
3	Lincoln Park	Denton	Rural	4	4	0
3	Lindsay (Cooke)	Cooke	Rural	4	4	0
3	Lipan	Hood	Rural	3	3	0
3	Little Elm	Denton	Urban	3	3	0
3	Lone Oak	Hunt	Rural	3	3	0
3	Lowry Crossing	Collin	Urban	6	6	0
3	Lucas	Collin	Urban	6	6	0
3	Mabank	Kaufman	Rural	3	3	0
3	Mansfield	Tarrant	Urban	3	3	0
3	Marshall Creek	Denton	Rural	6	6	0
3	Maypearl	Ellis	Rural	5	5	0
3	McKinney	Collin	Urban	4	4	0
3	McLendon-Chisholm	Rockwall	Rural	6	6	0
3	Melissa	Collin	Urban	5	5	0
3	Mesquite	Dallas	Urban	4	4	0
3	Midlothian	Ellis	Urban	4	4	0
3	Mildred	Navarro	Rural	6	6	0
3	Milford	Ellis	Rural	3	3	0
3	Millsap	Parker	Rural	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Mineral Wells	Palo Pinto	Rural	5	5	0
3	Mingus	Palo Pinto	Rural	6	6	0
3	Mobile City	Rockwall	Rural	4	4	0
3	Muenster	Cooke	Rural	5	5	0
3	Murphy	Collin	Urban	6	6	0
3	Mustang	Navarro	Rural	3	3	0
3	Navarro	Navarro	Rural	3	3	0
3	Nevada	Collin	Rural	4	4	0
3	New Fairview	Wise	Rural	4	4	0
3	New Hope	Collin	Rural	3	3	0
3	Newark	Wise	Rural	6	6	0
3	Neylandville	Hunt	Rural	3	3	0
3	North Richland Hills	Tarrant	Urban	5	5	0
3	Northlake	Denton	Urban	5	5	0
3	Oak Grove	Kaufman	Rural	6	6	0
3	Oak Leaf	Ellis	Rural	6	6	0
3	Oak Point	Denton	Rural	5	5	0
3	Oak Ridge (Cooke)	Cooke	Rural	5	5	0
3	Oak Ridge (Kaufman)	Kaufman	Rural	6	6	0
3	Oak Trail Shores	Hood	Rural	3	3	0
3	Oak Valley	Navarro	Rural	5	5	0
3	Ovilla	Ellis	Urban	6	6	0
3	Palmer	Ellis	Rural	3	3	0
3	Pantego	Tarrant	Urban	3	3	0
3	Paradise	Wise	Rural	6	6	0
3	Parker	Collin	Urban	3	3	0
3	Pecan Acres	Wise	Rural	6	6	0
3	Pecan Hill	Ellis	Rural	5	5	0
3	Pecan Plantation	Hood	Rural	5	4	-1
3	Pelican Bay	Tarrant	Rural	5	5	0
3	Pilot Point	Denton	Rural	4	4	0
3	Plano	Collin	Urban	4	4	0
3	Ponder	Denton	Rural	4	4	0
3	Post Oak Bend City	Kaufman	Rural	4	3	-1
3	Pottsboro	Grayson	Rural	4	4	0
3	Powell	Navarro	Rural	3	3	0
3	Princeton	Collin	Urban	5	5	0
3	Prosper	Collin	Urban	4	4	0
3	Quinlan	Hunt	Rural	6	6	0
3	Ravenna	Fannin	Rural	3	3	0
3	Red Oak	Ellis	Urban	5	5	0
3	Rendon	Tarrant	Urban	3	3	0
3	Reno (Parker)	Parker	Rural	5	5	0
3	Retreat	Navarro	Rural	5	4	-1
3	Rhome	Wise	Rural	5	5	0
3	Rice	Navarro	Rural	5	5	0
3	Richardson	Dallas	Urban	4	4	0
3	Richland	Navarro	Rural	6	6	0
3	Richland Hills	Tarrant	Urban	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Rio Vista	Johnson	Rural	3	4	1
3	River Oaks	Tarrant	Urban	5	5	0
3	Roanoke	Denton	Urban	5	5	0
3	Rockwall	Rockwall	Urban	3	3	0
3	Rosser	Kaufman	Rural	6	6	0
3	Rowlett	Dallas	Urban	5	5	0
3	Royse City	Rockwall	Rural	4	4	0
3	Runaway Bay	Wise	Rural	5	5	0
3	Sachse	Dallas	Urban	3	3	0
3	Sadler	Grayson	Rural	6	6	0
3	Saginaw	Tarrant	Urban	5	5	0
3	Sanctuary	Parker	Rural	6	6	0
3	Sanger	Denton	Rural	3	3	0
3	Sansom Park	Tarrant	Urban	5	5	0
3	Savoy	Fannin	Rural	6	6	0
3	Seagoville	Dallas	Urban	3	3	0
3	Shady Shores	Denton	Urban	3	3	0
3	Sherman	Grayson	Urban	5	5	0
3	Southlake	Tarrant	Urban	4	4	0
3	Southmayd	Grayson	Rural	4	4	0
3	Springtown	Parker	Rural	3	3	0
3	St. Paul (Collin)	Collin	Rural	3	3	0
3	Stephenville	Erath	Rural	6	6	0
3	Strawn	Palo Pinto	Rural	4	5	1
3	Sunnyvale	Dallas	Urban	3	3	0
3	Talty	Kaufman	Rural	3	3	0
3	Terrell	Kaufman	Rural	5	5	0
3	The Colony	Denton	Urban	3	3	0
3	Tioga	Grayson	Rural	3	3	0
3	Tolar	Hood	Rural	4	4	0
3	Tom Bean	Grayson	Rural	3	3	0
3	Trenton	Fannin	Rural	4	4	0
3	Trophy Club	Denton	Rural	4	4	0
3	University Park	Dallas	Urban	4	4	0
3	Valley View	Cooke	Rural	4	4	0
3	Van Alstyne	Grayson	Rural	3	3	0
3	Venus	Johnson	Rural	3	3	0
3	Watauga	Tarrant	Urban	4	4	0
3	Waxahachie	Ellis	Rural	3	3	0
3	Weatherford	Parker	Rural	4	4	0
3	West Tawakoni	Hunt	Rural	6	6	0
3	Westlake	Tarrant	Urban	3	3	0
3	Westminster	Collin	Rural	3	3	0
3	Weston	Collin	Urban	5	5	0
3	Westover Hills	Tarrant	Urban	3	3	0
3	Westworth Village	Tarrant	Urban	4	4	0
3	White Settlement	Tarrant	Urban	4	4	0
3	Whitesboro	Grayson	Rural	5	5	0
3	Whitewright	Grayson	Rural	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
3	Willow Park	Parker	Rural	3	3	0
3	Wilmer	Dallas	Rural	4	4	0
3	Windom	Fannin	Rural	3	3	0
3	Wolfe City	Hunt	Rural	5	5	0
3	Wylie	Collin	Rural	3	3	0
4	Alba	Wood	Rural	6	6	0
4	Alto	Cherokee	Rural	4	4	0
4	Annona	Red River	Rural	6	6	0
4	Arp	Smith	Rural	3	3	0
4	Athens	Henderson	Rural	4	4	0
4	Atlanta	Cass	Rural	4	4	0
4	Avery	Red River	Rural	5	5	0
4	Avinger	Cass	Rural	6	6	0
4	Beckville	Panola	Rural	5	5	0
4	Berryville	Henderson	Rural	5	5	0
4	Big Sandy	Upshur	Rural	3	3	0
4	Bloomburg	Cass	Rural	3	3	0
4	Blossom	Lamar	Rural	4	4	0
4	Bogata	Red River	Rural	3	3	0
4	Brownsboro	Henderson	Rural	6	6	0
4	Bullard	Smith	Rural	5	5	0
4	Caney City	Henderson	Rural	6	6	0
4	Canton	Van Zandt	Rural	4	4	0
4	Carthage	Panola	Rural	5	5	0
4	Chandler	Henderson	Rural	3	3	0
4	Clarksville	Red River	Rural	5	5	0
4	Clarksville City	Gregg	Rural	4	4	0
4	Coffee City	Henderson	Rural	3	3	0
4	Como	Hopkins	Rural	4	4	0
4	Cooper	Delta	Rural	6	6	0
4	Cumby	Hopkins	Rural	5	5	0
4	Cuney	Cherokee	Rural	4	5	1
4	Daingerfield	Morris	Rural	6	6	0
4	De Kalb	Bowie	Rural	6	6	0
4	Deport	Lamar	Rural	4	4	0
4	Detroit	Red River	Rural	4	4	0
4	Domino	Cass	Rural	3	3	0
4	Douglassville	Cass	Rural	3	3	0
4	East Mountain	Upshur	Rural	5	4	-1
4	East Tawakoni	Rains	Rural	6	6	0
4	Easton	Gregg	Rural	3	3	0
4	Edgewood	Van Zandt	Rural	5	5	0
4	Edom	Van Zandt	Rural	6	6	0
4	Elkhart	Anderson	Rural	5	5	0
4	Emory	Rains	Rural	6	6	0
4	Enchanted Oaks	Henderson	Rural	6	6	0
4	Eustace	Henderson	Rural	3	3	0
4	Frankston	Anderson	Rural	4	4	0
4	Fruitvale	Van Zandt	Rural	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
4	Gallatin	Cherokee	Rural	4	4	0
4	Gary City	Panola	Rural	3	3	0
4	Gilmer	Upshur	Rural	6	6	0
4	Gladewater	Gregg	Rural	5	5	0
4	Grand Saline	Van Zandt	Rural	3	3	0
4	Gun Barrel City	Henderson	Rural	5	5	0
4	Hallsville	Harrison	Rural	3	3	0
4	Hawkins	Wood	Rural	6	6	0
4	Henderson	Rusk	Rural	3	3	0
4	Hooks	Bowie	Rural	4	4	0
4	Hughes Springs	Cass	Rural	4	4	0
4	Jacksonville	Cherokee	Rural	4	4	0
4	Jefferson	Marion	Rural	6	6	0
4	Kilgore	Gregg	Rural	3	3	0
4	Lakeport	Gregg	Rural	5	4	-1
4	Leary	Bowie	Rural	3	3	0
4	Liberty City	Gregg	Rural	4	4	0
4	Lindale	Smith	Rural	5	5	0
4	Linden	Cass	Rural	4	4	0
4	Log Cabin	Henderson	Rural	6	6	0
4	Lone Star	Morris	Rural	4	4	0
4	Longview	Gregg	Urban	5	5	0
4	Malakoff	Henderson	Rural	5	5	0
4	Marietta	Cass	Rural	3	3	0
4	Marshall	Harrison	Rural	4	4	0
4	Maud	Bowie	Rural	6	6	0
4	Miller's Cove	Titus	Rural	6	6	0
4	Mineola	Wood	Rural	5	5	0
4	Moore Station	Henderson	Rural	6	6	0
4	Mount Enterprise	Rusk	Rural	4	3	-1
4	Mount Pleasant	Titus	Rural	4	4	0
4	Mount Vernon	Franklin	Rural	3	3	0
4	Murchison	Henderson	Rural	3	3	0
4	Naples	Morris	Rural	6	6	0
4	Nash	Bowie	Urban	5	5	0
4	Nesbitt	Harrison	Rural	3	3	0
4	New Boston	Bowie	Rural	6	6	0
4	New Chapel Hill	Smith	Rural	3	3	0
4	New London	Rusk	Rural	5	5	0
4	New Summerfield	Cherokee	Rural	4	4	0
4	Noonday	Smith	Rural	4	5	1
4	Omaha	Morris	Rural	6	6	0
4	Ore City	Upshur	Rural	6	6	0
4	Overton	Rusk	Rural	6	6	0
4	Palestine	Anderson	Rural	4	4	0
4	Paris	Lamar	Rural	5	5	0
4	Payne Springs	Henderson	Rural	3	3	0
4	Pecan Gap	Delta	Rural	5	5	0
4	Pittsburg	Camp	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
4	Point	Rains	Rural	6	6	0
4	Poynor	Henderson	Rural	6	6	0
4	Queen City	Cass	Rural	6	6	0
4	Quitman	Wood	Rural	4	4	0
4	Red Lick	Bowie	Rural	6	6	0
4	Redwater	Bowie	Rural	5	4	-1
4	Reklaw	Cherokee	Rural	3	3	0
4	Reno (Lamar)	Lamar	Rural	3	3	0
4	Rocky Mound	Camp	Rural	3	3	0
4	Roxton	Lamar	Rural	5	5	0
4	Rusk	Cherokee	Rural	5	5	0
4	Scottsville	Harrison	Rural	5	4	-1
4	Seven Points	Henderson	Rural	3	3	0
4	Star Harbor	Henderson	Rural	3	3	0
4	Sulphur Springs	Hopkins	Rural	5	5	0
4	Sun Valley	Lamar	Rural	3	3	0
4	Talco	Titus	Rural	5	5	0
4	Tatum	Rusk	Rural	5	5	0
4	Texarkana	Bowie	Urban	4	4	0
4	Tira	Hopkins	Rural	3	3	0
4	Toco	Lamar	Rural	6	6	0
4	Tool	Henderson	Rural	3	3	0
4	Trinidad	Henderson	Rural	5	5	0
4	Troup	Smith	Rural	5	5	0
4	Tyler	Smith	Urban	4	4	0
4	Uncertain	Harrison	Rural	5	5	0
4	Union Grove	Upshur	Rural	3	3	0
4	Van	Van Zandt	Rural	6	6	0
4	Wake Village	Bowie	Urban	4	4	0
4	Warren City	Gregg	Rural	6	6	0
4	Waskom	Harrison	Rural	4	4	0
4	Wells	Cherokee	Rural	5	5	0
4	White Oak	Gregg	Urban	5	5	0
4	Whitehouse	Smith	Rural	3	3	0
4	Wills Point	Van Zandt	Rural	4	4	0
4	Winfield	Titus	Rural	4	4	0
4	Winnsboro	Wood	Rural	5	5	0
4	Winona	Smith	Rural	3	3	0
4	Yantis	Wood	Rural	3	3	0
5	Appleby	Nacogdoches	Rural	4	5	1
5	Beaumont	Jefferson	Urban	4	4	0
5	Bevil Oaks	Jefferson	Rural	3	3	0
5	Bridge City	Orange	Rural	5	5	0
5	Broaddus	San Augustine	Rural	6	6	0
5	Browndell	Jasper	Rural	3	3	0
5	Buna	Jasper	Rural	3	3	0
5	Burke	Angelina	Rural	6	6	0
5	Center	Shelby	Rural	4	4	0
5	Central Gardens	Jefferson	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
5	Chester	Tyler	Rural	4	4	0
5	China	Jefferson	Rural	4	4	0
5	Chireno	Nacogdoches	Rural	4	4	0
5	Coldspring	San Jacinto	Rural	5	5	0
5	Colmesneil	Tyler	Rural	4	5	1
5	Corrigan	Polk	Rural	6	6	0
5	Crockett	Houston	Rural	4	4	0
5	Cushing	Nacogdoches	Rural	5	5	0
5	Deweyville	Newton	Rural	4	5	1
5	Diboll	Angelina	Rural	4	4	0
5	Evadale	Jasper	Rural	3	3	0
5	Garrison	Nacogdoches	Rural	4	4	0
5	Goodrich	Polk	Rural	3	3	0
5	Grapeland	Houston	Rural	6	6	0
5	Groves	Jefferson	Urban	4	4	0
5	Groveton	Trinity	Rural	5	5	0
5	Hemphill	Sabine	Rural	3	3	0
5	Hudson	Angelina	Rural	4	4	0
5	Huntington	Angelina	Rural	3	3	0
5	Huxley	Shelby	Rural	3	3	0
5	Jasper	Jasper	Rural	4	3	-1
5	Joaquin	Shelby	Rural	3	3	0
5	Kennard	Houston	Rural	6	6	0
5	Kirbyville	Jasper	Rural	5	5	0
5	Kountze	Hardin	Rural	5	5	0
5	Latexo	Houston	Rural	3	3	0
5	Livingston	Polk	Rural	5	5	0
5	Lovelady	Houston	Rural	6	6	0
5	Lufkin	Angelina	Rural	5	5	0
5	Lumberton	Hardin	Rural	3	3	0
5	Mauriceville	Orange	Rural	4	4	0
5	Milam	Sabine	Rural	3	3	0
5	Nacogdoches	Nacogdoches	Rural	6	6	0
5	Nederland	Jefferson	Urban	4	4	0
5	Newton	Newton	Rural	6	6	0
5	Nome	Jefferson	Rural	5	5	0
5	Oakhurst	San Jacinto	Rural	4	4	0
5	Onalaska	Polk	Rural	6	6	0
5	Orange	Orange	Rural	4	4	0
5	Pine Forest	Orange	Rural	6	6	0
5	Pinehurst (Orange)	Orange	Rural	3	3	0
5	Pineland	Sabine	Rural	6	6	0
5	Pinewood Estates	Hardin	Rural	3	3	0
5	Point Blank	San Jacinto	Rural	5	5	0
5	Port Arthur	Jefferson	Urban	3	3	0
5	Port Neches	Jefferson	Urban	4	4	0
5	Rose City	Orange	Rural	5	5	0
5	Rose Hill Acres	Hardin	Urban	6	6	0
5	San Augustine	San Augustine	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
5	Seven Oaks	Polk	Rural	3	3	0
5	Shepherd	San Jacinto	Rural	4	4	0
5	Silsbee	Hardin	Rural	3	3	0
5	Sour Lake	Hardin	Rural	3	3	0
5	South Toledo Bend	Newton	Rural	3	3	0
5	Tenaha	Shelby	Rural	5	5	0
5	Timpson	Shelby	Rural	6	6	0
5	Trinity	Trinity	Rural	5	5	0
5	Vidor	Orange	Rural	4	4	0
5	West Livingston	Polk	Rural	5	5	0
5	West Orange	Orange	Rural	4	4	0
5	Woodville	Tyler	Rural	6	6	0
5	Zavalla	Angelina	Rural	6	6	0
6	Aldine	Harris	Urban	3	3	0
6	Alvin	Brazoria	Urban	4	4	0
6	Ames	Liberty	Rural	4	4	0
6	Anahuac	Chambers	Rural	5	5	0
6	Angleton	Brazoria	Rural	3	3	0
6	Arcola	Fort Bend	Rural	5	5	0
6	Atascocita	Harris	Urban	4	4	0
6	Bacliff	Galveston	Urban	6	6	0
6	Bailey's Prairie	Brazoria	Rural	3	3	0
6	Barrett	Harris	Rural	6	6	0
6	Bay City	Matagorda	Rural	4	4	0
6	Bayou Vista	Galveston	Rural	4	4	0
6	Baytown	Harris	Urban	3	3	0
6	Beach City	Chambers	Urban	4	4	0
6	Beasley	Fort Bend	Rural	4	4	0
6	Bellaire	Harris	Urban	4	4	0
6	Bellville	Austin	Rural	3	3	0
6	Blessing	Matagorda	Rural	3	3	0
6	Boling-Iago	Wharton	Rural	3	3	0
6	Bolivar Peninsula	Galveston	Rural	6	6	0
6	Bonney	Brazoria	Rural	3	3	0
6	Brazoria	Brazoria	Rural	5	5	0
6	Brookshire	Waller	Rural	4	4	0
6	Brookside Village	Brazoria	Urban	4	4	0
6	Bunker Hill Village	Harris	Urban	6	6	0
6	Channelview	Harris	Urban	5	5	0
6	Cinco Ranch	Fort Bend	Urban	5	5	0
6	Clear Lake Shores	Galveston	Urban	4	4	0
6	Cleveland	Liberty	Rural	6	6	0
6	Cloverleaf	Harris	Urban	6	6	0
6	Clute	Brazoria	Urban	3	3	0
6	Columbus	Colorado	Rural	4	4	0
6	Conroe	Montgomery	Urban	4	4	0
6	Cove	Chambers	Rural	6	6	0
6	Crosby	Harris	Rural	5	4	-1
6	Cumings	Fort Bend	Rural	4	3	-1

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
6	Cut and Shoot	Montgomery	Urban	6	6	0
6	Daisetta	Liberty	Rural	5	5	0
6	Damon	Brazoria	Rural	6	6	0
6	Danbury	Brazoria	Rural	6	6	0
6	Dayton	Liberty	Rural	5	5	0
6	Dayton Lakes	Liberty	Rural	3	3	0
6	Deer Park	Harris	Urban	4	4	0
6	Devers	Liberty	Rural	6	6	0
6	Dickinson	Galveston	Urban	5	5	0
6	Eagle Lake	Colorado	Rural	5	5	0
6	East Bernard	Wharton	Rural	4	4	0
6	El Campo	Wharton	Rural	4	4	0
6	El Lago	Harris	Urban	4	4	0
6	Fairchilds	Fort Bend	Rural	4	4	0
6	Fifth Street	Fort Bend	Urban	4	4	0
6	Four Corners	Fort Bend	Urban	5	5	0
6	Freeport	Brazoria	Urban	4	5	1
6	Fresno	Fort Bend	Urban	5	5	0
6	Friendswood	Galveston	Urban	4	4	0
6	Fulshear	Fort Bend	Rural	6	6	0
6	Galena Park	Harris	Urban	4	4	0
6	Galveston	Galveston	Urban	6	6	0
6	Greatwood	Fort Bend	Urban	5	5	0
6	Hardin	Liberty	Rural	3	3	0
6	Hedwig Village	Harris	Urban	5	5	0
6	Hempstead	Waller	Rural	3	3	0
6	Highlands	Harris	Urban	4	4	0
6	Hillcrest	Brazoria	Rural	6	6	0
6	Hilshire Village	Harris	Urban	6	6	0
6	Hitchcock	Galveston	Rural	3	3	0
6	Holiday Lakes	Brazoria	Rural	6	6	0
6	Houston	Harris	Urban	4	4	0
6	Humble	Harris	Urban	3	3	0
6	Hungerford	Wharton	Rural	3	3	0
6	Hunters Creek Village	Harris	Urban	3	3	0
6	Huntsville	Walker	Rural	6	6	0
6	Industry	Austin	Rural	3	3	0
6	Iowa Colony	Brazoria	Urban	5	5	0
6	Jacinto City	Harris	Urban	3	3	0
6	Jamaica Beach	Galveston	Urban	6	6	0
6	Jersey Village	Harris	Urban	3	3	0
6	Jones Creek	Brazoria	Rural	4	4	0
6	Katy	Harris	Urban	3	3	0
6	Kemah	Galveston	Urban	6	6	0
6	Kendleton	Fort Bend	Rural	4	4	0
6	Kenefick	Liberty	Rural	4	4	0
6	La Marque	Galveston	Urban	4	4	0
6	La Porte	Harris	Urban	3	3	0
6	Lake Jackson	Brazoria	Urban	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
6	League City	Galveston	Urban	3	3	0
6	Liberty	Liberty	Rural	4	4	0
6	Liverpool	Brazoria	Rural	6	6	0
6	Louise	Wharton	Rural	4	4	0
6	Magnolia	Montgomery	Rural	6	6	0
6	Manvel	Brazoria	Urban	3	3	0
6	Markham	Matagorda	Rural	3	3	0
6	Meadows Place	Fort Bend	Urban	3	3	0
6	Mission Bend	Fort Bend	Urban	5	5	0
6	Missouri City	Fort Bend	Urban	4	4	0
6	Mont Belvieu	Chambers	Rural	4	4	0
6	Montgomery	Montgomery	Rural	6	6	0
6	Morgan's Point	Harris	Urban	4	4	0
6	Nassau Bay	Harris	Urban	6	6	0
6	Needville	Fort Bend	Rural	3	3	0
6	New Territory	Fort Bend	Urban	4	4	0
6	New Waverly	Walker	Rural	6	6	0
6	North Cleveland	Liberty	Rural	3	3	0
6	Oak Ridge North	Montgomery	Urban	5	5	0
6	Old River-Winfree	Chambers	Rural	5	5	0
6	Orchard	Fort Bend	Rural	3	3	0
6	Oyster Creek	Brazoria	Rural	4	4	0
6	Palacios	Matagorda	Rural	4	4	0
6	Panorama Village	Montgomery	Urban	5	5	0
6	Pasadena	Harris	Urban	4	4	0
6	Pattison	Waller	Rural	4	5	1
6	Patton Village	Montgomery	Rural	5	5	0
6	Pearland	Brazoria	Urban	4	4	0
6	Pecan Grove	Fort Bend	Rural	4	4	0
6	Pine Island	Waller	Rural	4	4	0
6	Pinehurst (Montgomery)	Montgomery	Rural	4	4	0
6	Piney Point Village	Harris	Urban	4	4	0
6	Pleak	Fort Bend	Rural	6	6	0
6	Plum Grove	Liberty	Rural	3	3	0
6	Porter Heights	Montgomery	Rural	3	3	0
6	Prairie View	Waller	Rural	3	3	0
6	Quintana	Brazoria	Rural	3	3	0
6	Richmond	Fort Bend	Rural	5	5	0
6	Richwood	Brazoria	Urban	4	4	0
6	Riverside	Walker	Rural	6	6	0
6	Roman Forest	Montgomery	Rural	3	4	1
6	Rosenberg	Fort Bend	Rural	4	4	0
6	San Felipe	Austin	Rural	6	6	0
6	San Leon	Galveston	Urban	6	6	0
6	Santa Fe	Galveston	Urban	4	4	0
6	Seabrook	Harris	Urban	4	4	0
6	Sealy	Austin	Rural	3	3	0
6	Sheldon	Harris	Rural	3	3	0
6	Shenandoah	Montgomery	Urban	6	5	-1

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
6	Shoreacres	Harris	Urban	6	6	0
6	Sienna Plantation	Fort Bend	Urban	5	5	0
6	Simonton	Fort Bend	Rural	6	6	0
6	South Houston	Harris	Urban	3	3	0
6	Southside Place	Harris	Urban	6	6	0
6	Splendora	Montgomery	Rural	6	6	0
6	Spring	Harris	Urban	4	4	0
6	Spring Valley	Harris	Urban	4	4	0
6	Stafford	Fort Bend	Urban	5	5	0
6	Stagecoach	Montgomery	Rural	3	3	0
6	Stowell	Chambers	Rural	4	4	0
6	Sugar Land	Fort Bend	Urban	5	5	0
6	Surfside Beach	Brazoria	Rural	4	4	0
6	Sweeny	Brazoria	Rural	4	4	0
6	Taylor Lake Village	Harris	Urban	3	3	0
6	Texas City	Galveston	Urban	5	5	0
6	The Woodlands	Montgomery	Urban	3	3	0
6	Thompsons	Fort Bend	Urban	4	4	0
6	Tiki Island	Galveston	Urban	3	3	0
6	Tomball	Harris	Rural	6	6	0
6	Van Vleck	Matagorda	Rural	3	3	0
6	Waller	Waller	Rural	3	3	0
6	Wallis	Austin	Rural	3	3	0
6	Webster	Harris	Urban	3	3	0
6	Weimar	Colorado	Rural	5	5	0
6	West Columbia	Brazoria	Rural	6	6	0
6	West University Place	Harris	Urban	3	3	0
6	Wharton	Wharton	Rural	5	5	0
6	Wild Peach Village	Brazoria	Rural	3	3	0
6	Willis	Montgomery	Rural	3	3	0
6	Winnie	Chambers	Rural	4	4	0
6	Woodbranch	Montgomery	Rural	4	4	0
6	Woodloch	Montgomery	Rural	6	6	0
7	Anderson Mill	Williamson	Urban	5	5	0
7	Austin	Travis	Urban	5	5	0
7	Bartlett	Williamson	Rural	6	6	0
7	Barton Creek	Travis	Urban	6	6	0
7	Bastrop	Bastrop	Rural	4	4	0
7	Bear Creek	Hays	Rural	3	3	0
7	Bee Cave	Travis	Rural	4	4	0
7	Bertram	Burnet	Rural	4	4	0
7	Blanco	Blanco	Rural	5	5	0
7	Briarcliff	Travis	Rural	4	4	0
7	Brushy Creek	Williamson	Urban	4	4	0
7	Buchanan Dam	Llano	Rural	5	4	-1
7	Buda	Hays	Urban	3	3	0
7	Burnet	Burnet	Rural	4	4	0
7	Camp Swift	Bastrop	Rural	3	3	0
7	Carmine	Fayette	Rural	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
7	Cedar Park	Williamson	Urban	3	3	0
7	Circle D-KC Estates	Bastrop	Rural	3	3	0
7	Cottonwood Shores	Burnet	Rural	6	6	0
7	Creedmoor	Travis	Rural	3	3	0
7	Dripping Springs	Hays	Rural	3	3	0
7	Elgin	Bastrop	Rural	4	4	0
7	Fayetteville	Fayette	Rural	4	4	0
7	Flatonia	Fayette	Rural	5	5	0
7	Florence	Williamson	Rural	6	6	0
7	Garfield	Travis	Rural	4	4	0
7	Georgetown	Williamson	Urban	3	3	0
7	Giddings	Lee	Rural	3	3	0
7	Granger	Williamson	Rural	5	5	0
7	Granite Shoals	Burnet	Rural	5	5	0
7	Hays	Hays	Rural	3	3	0
7	Highland Haven	Burnet	Rural	6	6	0
7	Horseshoe Bay	Llano	Rural	4	4	0
7	Hudson Bend	Travis	Urban	5	5	0
7	Hutto	Williamson	Rural	5	5	0
7	Johnson City	Blanco	Rural	3	3	0
7	Jollyville	Williamson	Urban	5	5	0
7	Jonestown	Travis	Rural	6	6	0
7	Kingsland	Llano	Rural	3	3	0
7	Kyle	Hays	Rural	3	3	0
7	La Grange	Fayette	Rural	5	5	0
7	Lago Vista	Travis	Rural	6	6	0
7	Lakeway	Travis	Rural	4	4	0
7	Leander	Williamson	Urban	6	6	0
7	Lexington	Lee	Rural	4	4	0
7	Liberty Hill	Williamson	Rural	3	3	0
7	Llano	Llano	Rural	4	4	0
7	Lockhart	Caldwell	Rural	5	5	0
7	Lost Creek	Travis	Urban	3	4	1
7	Luling	Caldwell	Rural	4	4	0
7	Manor	Travis	Urban	3	4	1
7	Marble Falls	Burnet	Rural	4	4	0
7	Martindale	Caldwell	Rural	5	5	0
7	Meadowlakes	Burnet	Rural	6	6	0
7	Mountain City	Hays	Rural	6	6	0
7	Mustang Ridge	Caldwell	Rural	3	3	0
7	Niederwald	Hays	Rural	4	4	0
7	Onion Creek	Travis	Urban	3	3	0
7	Pflugerville	Travis	Urban	3	3	0
7	Rollingwood	Travis	Urban	6	6	0
7	Round Mountain	Blanco	Rural	3	3	0
7	Round Rock	Williamson	Urban	5	5	0
7	Round Top	Fayette	Rural	3	3	0
7	San Leanna	Travis	Urban	6	6	0
7	San Marcos	Hays	Urban	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
7	Schulenburg	Fayette	Rural	5	5	0
7	Serenada	Williamson	Urban	6	6	0
7	Shady Hollow	Travis	Urban	4	4	0
7	Smithville	Bastrop	Rural	6	6	0
7	Sunrise Beach Village	Llano	Rural	5	5	0
7	Sunset Valley	Travis	Urban	5	5	0
7	Taylor	Williamson	Rural	5	5	0
7	The Hills	Travis	Rural	3	3	0
7	Thrall	Williamson	Rural	5	5	0
7	Uhland	Hays	Rural	6	6	0
7	Weir	Williamson	Rural	4	4	0
7	Wells Branch	Travis	Urban	5	5	0
7	West Lake Hills	Travis	Urban	3	3	0
7	Wimberley	Hays	Rural	5	5	0
7	Windemere	Travis	Urban	5	5	0
7	Woodcreek	Hays	Rural	5	5	0
7	Wyldwood	Bastrop	Rural	3	3	0
8	Abbott	Hill	Rural	5	5	0
8	Anderson	Grimes	Rural	3	3	0
8	Aquilla	Hill	Rural	6	6	0
8	Bellmead	McLennan	Urban	4	4	0
8	Belton	Bell	Urban	4	4	0
8	Beverly Hills	McLennan	Urban	5	5	0
8	Blum	Hill	Rural	6	6	0
8	Bremond	Robertson	Rural	4	4	0
8	Brenham	Washington	Rural	4	4	0
8	Bruceville-Eddy	McLennan	Rural	5	5	0
8	Bryan	Brazos	Urban	6	6	0
8	Buckholts	Milam	Rural	6	6	0
8	Buffalo	Leon	Rural	6	6	0
8	Burton	Washington	Rural	4	4	0
8	Bynum	Hill	Rural	6	6	0
8	Caldwell	Burleson	Rural	4	4	0
8	Calvert	Robertson	Rural	3	3	0
8	Cameron	Milam	Rural	3	3	0
8	Carl's Corner	Hill	Rural	6	6	0
8	Centerville	Leon	Rural	4	5	1
8	Clifton	Bosque	Rural	3	3	0
8	College Station	Brazos	Urban	6	6	0
8	Coolidge	Limestone	Rural	5	5	0
8	Copperas Cove	Coryell	Urban	4	4	0
8	Covington	Hill	Rural	4	4	0
8	Cranfills Gap	Bosque	Rural	4	4	0
8	Crawford	McLennan	Rural	4	4	0
8	Evant	Coryell	Rural	6	6	0
8	Fairfield	Freestone	Rural	5	4	-1
8	Fort Hood	Bell	Urban	3	3	0
8	Franklin	Robertson	Rural	4	4	0
8	Gatesville	Coryell	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
8	Gholson	McLennan	Rural	3	3	0
8	Goldthwaite	Mills	Rural	3	3	0
8	Golinda	Falls	Rural	5	5	0
8	Groesbeck	Limestone	Rural	4	4	0
8	Hallsburg	McLennan	Rural	6	6	0
8	Hamilton	Hamilton	Rural	3	3	0
8	Harker Heights	Bell	Urban	4	4	0
8	Hearne	Robertson	Rural	5	5	0
8	Hewitt	McLennan	Urban	4	4	0
8	Hico	Hamilton	Rural	4	4	0
8	Hillsboro	Hill	Rural	5	5	0
8	Holland	Bell	Rural	3	3	0
8	Hubbard	Hill	Rural	3	3	0
8	Iredell	Bosque	Rural	5	4	-1
8	Itasca	Hill	Rural	3	3	0
8	Jewett	Leon	Rural	6	6	0
8	Kempner	Lampasas	Rural	5	5	0
8	Killeen	Bell	Urban	4	4	0
8	Kirvin	Freestone	Rural	3	3	0
8	Kosse	Limestone	Rural	6	6	0
8	Lacy-Lakeview	McLennan	Urban	5	5	0
8	Lampasas	Lampasas	Rural	4	4	0
8	Leona	Leon	Rural	6	6	0
8	Leroy	McLennan	Rural	3	3	0
8	Little River-Academy	Bell	Rural	6	6	0
8	Lometa	Lampasas	Rural	4	4	0
8	Lorena	McLennan	Rural	3	3	0
8	Lott	Falls	Rural	5	5	0
8	Madisonville	Madison	Rural	4	4	0
8	Malone	Hill	Rural	3	3	0
8	Marlin	Falls	Rural	5	5	0
8	Marquez	Leon	Rural	5	4	-1
8	Mart	McLennan	Rural	6	6	0
8	McGregor	McLennan	Urban	5	5	0
8	Meridian	Bosque	Rural	3	3	0
8	Mertens	Hill	Rural	6	6	0
8	Mexia	Limestone	Rural	6	6	0
8	Midway	Madison	Rural	3	3	0
8	Milano	Milam	Rural	3	4	1
8	Millican	Brazos	Rural	3	3	0
8	Moody	McLennan	Rural	6	6	0
8	Morgan	Bosque	Rural	3	3	0
8	Morgan's Point Resort	Bell	Rural	4	4	0
8	Mount Calm	Hill	Rural	4	4	0
8	Mullin	Mills	Rural	5	5	0
8	Navasota	Grimes	Rural	5	5	0
8	Nolanville	Bell	Rural	5	5	0
8	Normangee	Leon	Rural	3	3	0
8	Oakwood	Leon	Rural	4	4	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
8	Oglesby	Coryell	Rural	6	6	0
8	Penelope	Hill	Rural	6	6	0
8	Richland Springs	San Saba	Rural	3	3	0
8	Riesel	McLennan	Rural	6	6	0
8	Robinson	McLennan	Urban	4	4	0
8	Rockdale	Milam	Rural	5	5	0
8	Rogers	Bell	Rural	3	3	0
8	Rosebud	Falls	Rural	4	4	0
8	Ross	McLennan	Rural	3	3	0
8	Salado	Bell	Rural	3	4	1
8	San Saba	San Saba	Rural	4	4	0
8	Snook	Burleson	Rural	6	6	0
8	Somerville	Burleson	Rural	5	5	0
8	South Mountain	Coryell	Rural	4	4	0
8	Streetman	Freestone	Rural	3	3	0
8	Teague	Freestone	Rural	3	3	0
8	Tehuacana	Limestone	Rural	3	4	1
8	Temple	Bell	Urban	4	4	0
8	Thorndale	Milam	Rural	5	5	0
8	Thornton	Limestone	Rural	4	5	1
8	Todd Mission	Grimes	Rural	3	3	0
8	Troy	Bell	Rural	6	6	0
8	Valley Mills	Bosque	Rural	3	3	0
8	Waco	McLennan	Urban	6	6	0
8	Walnut Springs	Bosque	Rural	3	3	0
8	West	McLennan	Rural	4	4	0
8	Whitney	Hill	Rural	6	6	0
8	Wixon Valley	Brazos	Rural	6	6	0
8	Woodway	McLennan	Urban	3	3	0
8	Wortham	Freestone	Rural	6	6	0
9	Alamo Heights	Bexar	Urban	4	4	0
9	Balcones Heights	Bexar	Urban	6	6	0
9	Bandera	Bandera	Rural	3	3	0
9	Bigfoot	Frio	Rural	3	3	0
9	Boerne	Kendall	Rural	3	3	0
9	Bulverde	Comal	Rural	3	3	0
9	Canyon Lake	Comal	Rural	4	4	0
9	Castle Hills	Bexar	Urban	6	6	0
9	Castroville	Medina	Rural	5	5	0
9	Charlotte	Atascosa	Rural	3	3	0
9	China Grove	Bexar	Rural	3	3	0
9	Christine	Atascosa	Rural	3	3	0
9	Cibolo	Guadalupe	Rural	6	6	0
9	Comfort	Kendall	Rural	4	4	0
9	Converse	Bexar	Urban	3	3	0
9	Cross Mountain	Bexar	Urban	3	3	0
9	Devine	Medina	Rural	5	5	0
9	Dilley	Frio	Rural	6	6	0
9	Elmendorf	Bexar	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
9	Fair Oaks Ranch	Bexar	Urban	4	4	0
9	Falls City	Karnes	Rural	4	4	0
9	Floresville	Wilson	Rural	3	3	0
9	Fredericksburg	Gillespie	Rural	3	3	0
9	Garden Ridge	Comal	Rural	6	6	0
9	Geronimo	Guadalupe	Rural	3	3	0
9	Grey Forest	Bexar	Rural	4	4	0
9	Harper	Gillespie	Rural	4	4	0
9	Helotes	Bexar	Urban	4	4	0
9	Hill Country Village	Bexar	Urban	3	3	0
9	Hilltop	Frio	Rural	3	3	0
9	Hollywood Park	Bexar	Urban	6	6	0
9	Hondo	Medina	Rural	3	3	0
9	Ingram	Kerr	Rural	6	6	0
9	Jourdanton	Atascosa	Rural	4	4	0
9	Karnes City	Karnes	Rural	5	5	0
9	Kenedy	Karnes	Rural	4	4	0
9	Kerrville	Kerr	Rural	5	5	0
9	Kingsbury	Guadalupe	Rural	3	3	0
9	Kirby	Bexar	Urban	5	5	0
9	La Vernia	Wilson	Rural	6	6	0
9	Lackland AFB	Bexar	Urban	3	3	0
9	LaCoste	Medina	Rural	5	5	0
9	Lakehills	Bandera	Rural	6	6	0
9	Leon Valley	Bexar	Urban	4	4	0
9	Live Oak	Bexar	Urban	4	4	0
9	Lytle	Atascosa	Rural	3	3	0
9	Marion	Guadalupe	Rural	5	5	0
9	McQueeney	Guadalupe	Rural	4	4	0
9	Moore	Frio	Rural	4	4	0
9	Natalia	Medina	Rural	6	6	0
9	New Berlin	Guadalupe	Rural	3	3	0
9	New Braunfels	Comal	Urban	5	5	0
9	North Pearsall	Frio	Rural	4	4	0
9	Northcliff	Guadalupe	Rural	4	4	0
9	Olmos Park	Bexar	Urban	4	4	0
9	Pearsall	Frio	Rural	4	4	0
9	Pleasanton	Atascosa	Rural	6	6	0
9	Poteet	Atascosa	Rural	4	4	0
9	Poth	Wilson	Rural	4	5	1
9	Redwood	Guadalupe	Rural	5	5	0
9	Runge	Karnes	Rural	6	6	0
9	San Antonio	Bexar	Urban	5	5	0
9	Santa Clara	Guadalupe	Rural	6	6	0
9	Scenic Oaks	Bexar	Urban	3	3	0
9	Schertz	Guadalupe	Urban	5	5	0
9	Seguin	Guadalupe	Rural	4	4	0
9	Selma	Bexar	Urban	6	6	0
9	Shavano Park	Bexar	Urban	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
9	Somerset	Bexar	Rural	6	6	0
9	St. Hedwig	Bexar	Rural	6	6	0
9	Stockdale	Wilson	Rural	5	5	0
9	Stonewall	Gillespie	Rural	5	5	0
9	Terrell Hills	Bexar	Urban	4	4	0
9	Timberwood Park	Bexar	Urban	3	3	0
9	Universal City	Bexar	Rural	5	5	0
9	West Pearsall	Frio	Rural	6	6	0
9	Windcrest	Bexar	Urban	6	6	0
9	Zuehl	Guadalupe	Rural	3	3	0
10	Agua Dulce (Nueces)	Nueces	Rural	5	5	0
10	Airport Road Addition	Brooks	Rural	3	3	0
10	Alfred-South La Paloma	Jim Wells	Rural	3	3	0
10	Alice	Jim Wells	Rural	4	4	0
10	Alice Acres	Jim Wells	Rural	3	3	0
10	Aransas Pass	San Patricio	Rural	4	4	0
10	Austwell	Refugio	Rural	6	6	0
10	Bayside	Refugio	Rural	6	6	0
10	Beeville	Bee	Rural	4	4	0
10	Benavides	Duval	Rural	5	5	0
10	Bishop	Nueces	Rural	5	5	0
10	Bloomington	Victoria	Rural	6	6	0
10	Blue Berry Hill	Bee	Rural	3	3	0
10	Cantu Addition	Brooks	Rural	3	3	0
10	Concepcion	Duval	Rural	3	3	0
10	Corpus Christi	Nueces	Urban	5	5	0
10	Coyote Acres	Jim Wells	Rural	3	3	0
10	Cuero	DeWitt	Rural	6	6	0
10	Del Sol-Loma Linda	San Patricio	Rural	3	3	0
10	Doyle	San Patricio	Urban	3	3	0
10	Driscoll	Nueces	Rural	6	5	-1
10	Edgewater-Paisano	San Patricio	Rural	6	6	0
10	Edna	Jackson	Rural	5	5	0
10	Edroy	San Patricio	Rural	3	3	0
10	Encino	Brooks	Rural	3	3	0
10	Falfurrias	Brooks	Rural	6	6	0
10	Falman-County Acres	San Patricio	Rural	6	6	0
10	Flowella	Brooks	Rural	3	3	0
10	Freer	Duval	Rural	4	4	0
10	Fulton	Aransas	Rural	5	5	0
10	Ganado	Jackson	Rural	4	4	0
10	George West	Live Oak	Rural	4	4	0
10	Goliad	Goliad	Rural	3	3	0
10	Gonzales	Gonzales	Rural	4	4	0
10	Gregory	San Patricio	Rural	4	4	0
10	Hallettsville	Lavaca	Rural	5	5	0
10	Inez	Victoria	Rural	4	4	0
10	Ingleside	San Patricio	Urban	4	4	0
10	Ingleside on the Bay	San Patricio	Urban	6	6	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
10	K-Bar Ranch	Jim Wells	Rural	5	6	1
10	Kingsville	Kleberg	Rural	5	5	0
10	La Paloma-Lost Creek	Nueces	Rural	6	6	0
10	La Ward	Jackson	Rural	6	5	-1
10	Lake City	San Patricio	Rural	4	4	0
10	Lakeshore Gardens-Hidden Acres	San Patricio	Rural	3	3	0
10	Lakeside (San Patricio)	San Patricio	Rural	3	3	0
10	Lolita	Jackson	Rural	3	3	0
10	Loma Linda East	Jim Wells	Rural	3	3	0
10	Mathis	San Patricio	Rural	6	6	0
10	Morgan Farm Area	San Patricio	Rural	6	6	0
10	Moulton	Lavaca	Rural	4	4	0
10	Nixon	Gonzales	Rural	4	4	0
10	Nordheim	DeWitt	Rural	5	4	-1
10	Normanna	Bee	Rural	3	3	0
10	North San Pedro	Nueces	Rural	4	4	0
10	Odem	San Patricio	Rural	5	5	0
10	Orange Grove	Jim Wells	Rural	6	6	0
10	Owl Ranch-Amargosa	Jim Wells	Rural	6	6	0
10	Pawnee	Bee	Rural	3	3	0
10	Pernitas Point	Live Oak	Rural	6	6	0
10	Petronila	Nueces	Rural	3	3	0
10	Pettus	Bee	Rural	4	4	0
10	Point Comfort	Calhoun	Rural	5	5	0
10	Port Aransas	Nueces	Urban	6	6	0
10	Port Lavaca	Calhoun	Rural	5	5	0
10	Portland	San Patricio	Urban	5	5	0
10	Premont	Jim Wells	Rural	5	5	0
10	Rancho Alegre	Jim Wells	Rural	5	5	0
10	Rancho Banquete	Nueces	Rural	3	3	0
10	Rancho Chico	San Patricio	Rural	6	6	0
10	Realitos	Duval	Rural	3	3	0
10	Refugio	Refugio	Rural	4	4	0
10	Robstown	Nueces	Rural	3	3	0
10	Rockport	Aransas	Rural	4	4	0
10	San Diego	Duval	Rural	5	5	0
10	San Patricio	San Patricio	Rural	6	6	0
10	Sandia	Jim Wells	Rural	3	3	0
10	Sandy Hollow-Escondidas	Nueces	Rural	4	4	0
10	Seadrift	Calhoun	Rural	5	5	0
10	Shiner	Lavaca	Rural	5	5	0
10	Sinton	San Patricio	Rural	5	5	0
10	Skidmore	Bee	Rural	5	5	0
10	Smiley	Gonzales	Rural	5	5	0
10	Spring Garden-Terra Verde	Nueces	Rural	3	3	0
10	St. Paul (San Patricio)	San Patricio	Rural	3	3	0
10	Taft	San Patricio	Rural	5	5	0
10	Taft Southwest	San Patricio	Rural	4	4	0
10	Three Rivers	Live Oak	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
10	Tierra Grande	Nueces	Rural	4	5	1
10	Tradewinds	San Patricio	Rural	3	3	0
10	Tuleta	Bee	Rural	3	3	0
10	Tulsita	Bee	Rural	3	3	0
10	Tynan	Bee	Rural	5	5	0
10	Vanderbilt	Jackson	Rural	3	3	0
10	Victoria	Victoria	Urban	5	5	0
10	Waelder	Gonzales	Rural	4	4	0
10	Westdale	Jim Wells	Rural	3	3	0
10	Woodsboro	Refugio	Rural	5	5	0
10	Yoakum	Lavaca	Rural	6	6	0
10	Yorktown	DeWitt	Rural	5	5	0
11	Abram-Perezville	Hidalgo	Rural	6	6	0
11	Alamo	Hidalgo	Urban	3	3	0
11	Alto Bonito	Starr	Rural	3	3	0
11	Alton	Hidalgo	Rural	3	3	0
11	Alton North	Hidalgo	Rural	5	5	0
11	Arroyo Alto	Cameron	Rural	3	3	0
11	Arroyo Colorado Estates	Cameron	Rural	6	6	0
11	Arroyo Gardens-La Tina Ranch	Cameron	Rural	3	3	0
11	Asherton	Dimmit	Rural	6	6	0
11	Batesville	Zavala	Rural	5	5	0
11	Bausell and Ellis	Willacy	Rural	3	3	0
11	Bayview	Cameron	Rural	6	6	0
11	Big Wells	Dimmit	Rural	6	5	-1
11	Bixby	Cameron	Rural	3	3	0
11	Bluetown-Iglesia Antigua	Cameron	Rural	5	5	0
11	Botines	Webb	Rural	6	6	0
11	Box Canyon-Amistad	Val Verde	Rural	3	3	0
11	Brackettville	Kinney	Rural	4	4	0
11	Brownsville	Cameron	Urban	5	5	0
11	Brundage	Dimmit	Rural	3	3	0
11	Bruni	Webb	Rural	3	3	0
11	Cameron Park	Cameron	Urban	4	4	0
11	Camp Wood	Real	Rural	6	6	0
11	Carrizo Hill	Dimmit	Rural	6	6	0
11	Carrizo Springs	Dimmit	Rural	6	6	0
11	Catarina	Dimmit	Rural	3	3	0
11	Cesar Chavez	Hidalgo	Urban	5	5	0
11	Chula Vista-Orason	Cameron	Rural	6	6	0
11	Chula Vista-River Spur	Zavala	Rural	3	3	0
11	Cienegas Terrace	Val Verde	Rural	6	6	0
11	Citrus City	Hidalgo	Rural	3	3	0
11	Combes	Cameron	Urban	5	5	0
11	Cotulla	La Salle	Rural	3	3	0
11	Crystal City	Zavala	Rural	5	5	0
11	Cuevitas	Hidalgo	Rural	3	3	0
11	Del Mar Heights	Cameron	Rural	3	3	0
11	Del Rio	Val Verde	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
11	Doffing	Hidalgo	Rural	5	5	0
11	Donna	Hidalgo	Rural	3	3	0
11	Doolittle	Hidalgo	Urban	4	4	0
11	Eagle Pass	Maverick	Rural	6	6	0
11	Edcouch	Hidalgo	Rural	3	3	0
11	Edinburg	Hidalgo	Urban	5	5	0
11	Eidson Road	Maverick	Rural	4	4	0
11	El Camino Angosto	Cameron	Rural	3	3	0
11	El Cenizo	Webb	Rural	4	4	0
11	El Indio	Maverick	Rural	6	6	0
11	El Refugio	Starr	Rural	6	6	0
11	Elm Creek	Maverick	Rural	3	3	0
11	Elsa	Hidalgo	Rural	4	4	0
11	Encantada-Ranchito El Calaboz	Cameron	Rural	3	3	0
11	Encinal	La Salle	Rural	6	6	0
11	Escobares	Starr	Rural	5	5	0
11	Falcon Heights	Starr	Rural	3	3	0
11	Falcon Lake Estates	Zapata	Rural	5	5	0
11	Falcon Mesa	Zapata	Rural	3	3	0
11	Falcon Village	Starr	Rural	6	6	0
11	Faysville	Hidalgo	Urban	6	6	0
11	Fowlerton	La Salle	Rural	3	3	0
11	Fronton	Starr	Rural	3	3	0
11	Garceno	Starr	Rural	6	6	0
11	Grand Acres	Cameron	Rural	3	3	0
11	Granjeno	Hidalgo	Urban	3	3	0
11	Green Valley Farms	Cameron	Rural	3	3	0
11	Guerra	Jim Hogg	Rural	6	6	0
11	Harlingen	Cameron	Urban	5	5	0
11	Havana	Hidalgo	Rural	5	5	0
11	Hebbronville	Jim Hogg	Rural	5	5	0
11	Heidelberg	Hidalgo	Rural	6	6	0
11	Hidalgo	Hidalgo	Rural	5	5	0
11	Indian Hills	Hidalgo	Rural	4	4	0
11	Indian Lake	Cameron	Rural	6	6	0
11	Knippa	Uvalde	Rural	4	4	0
11	La Blanca	Hidalgo	Rural	6	6	0
11	La Casita-Garciasville	Starr	Rural	4	4	0
11	La Feria	Cameron	Rural	6	6	0
11	La Feria North	Cameron	Rural	6	6	0
11	La Grulla	Starr	Rural	4	4	0
11	La Homa	Hidalgo	Urban	5	5	0
11	La Joya	Hidalgo	Rural	4	4	0
11	La Paloma	Cameron	Rural	6	6	0
11	La Presa	Webb	Rural	3	3	0
11	La Pryor	Zavala	Rural	5	5	0
11	La Puerta	Starr	Rural	3	3	0
11	La Rosita	Starr	Rural	5	5	0
11	La Victoria	Starr	Rural	3	3	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
11	La Villa	Hidalgo	Rural	3	3	0
11	Lago	Cameron	Rural	6	6	0
11	Laguna Heights	Cameron	Rural	4	4	0
11	Laguna Seca	Hidalgo	Rural	3	3	0
11	Laguna Vista	Cameron	Rural	3	3	0
11	Lake View	Val Verde	Rural	3	3	0
11	Laredo	Webb	Urban	5	5	0
11	Laredo Ranchettes	Webb	Rural	3	3	0
11	Larga Vista	Webb	Urban	6	6	0
11	Las Colonias	Zavala	Rural	6	6	0
11	Las Lomas	Starr	Rural	6	6	0
11	Las Lomitas	Jim Hogg	Rural	3	3	0
11	Las Palmas-Juarez	Cameron	Rural	4	4	0
11	Las Quintas Fronterizas	Maverick	Rural	4	4	0
11	Lasana	Cameron	Urban	3	3	0
11	Lasara	Willacy	Rural	4	4	0
11	Laughlin AFB	Val Verde	Rural	4	4	0
11	Laureles	Cameron	Rural	5	5	0
11	Leakey	Real	Rural	6	6	0
11	Llano Grande	Hidalgo	Urban	5	5	0
11	Lopeno	Zapata	Rural	3	3	0
11	Lopezville	Hidalgo	Urban	4	4	0
11	Los Alvarez	Starr	Rural	4	4	0
11	Los Angeles Subdivision	Willacy	Rural	6	6	0
11	Los Ebanos	Hidalgo	Rural	5	5	0
11	Los Fresnos	Cameron	Rural	4	4	0
11	Los Indios	Cameron	Rural	3	3	0
11	Los Villareales	Starr	Rural	3	3	0
11	Lozano	Cameron	Rural	3	3	0
11	Lyford	Willacy	Rural	5	5	0
11	Lyford South	Willacy	Rural	6	6	0
11	McAllen	Hidalgo	Urban	5	5	0
11	Medina	Zapata	Rural	4	4	0
11	Mercedes	Hidalgo	Rural	4	4	0
11	Midway North	Hidalgo	Urban	3	3	0
11	Midway South	Hidalgo	Urban	5	5	0
11	Mila Doce	Hidalgo	Rural	4	4	0
11	Mirando City	Webb	Rural	6	6	0
11	Mission	Hidalgo	Urban	4	4	0
11	Monte Alto	Hidalgo	Rural	5	5	0
11	Morales-Sanchez	Zapata	Rural	3	3	0
11	Muniz	Hidalgo	Rural	6	6	0
11	New Falcon	Zapata	Rural	3	3	0
11	North Alamo	Hidalgo	Urban	4	4	0
11	North Escobares	Starr	Rural	6	6	0
11	Nurillo	Hidalgo	Urban	5	5	0
11	Oilton	Webb	Rural	3	3	0
11	Olivarez	Hidalgo	Rural	5	5	0
11	Olmito	Cameron	Urban	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
11	Palm Valley	Cameron	Urban	4	4	0
11	Palmhurst	Hidalgo	Urban	5	5	0
11	Palmview	Hidalgo	Urban	5	5	0
11	Palmview South	Hidalgo	Urban	5	5	0
11	Penitas	Hidalgo	Rural	5	5	0
11	Pharr	Hidalgo	Urban	4	4	0
11	Port Isabel	Cameron	Rural	4	4	0
11	Port Mansfield	Willacy	Rural	5	5	0
11	Primera	Cameron	Urban	5	5	0
11	Progreso	Hidalgo	Rural	5	5	0
11	Progreso Lakes	Hidalgo	Rural	3	3	0
11	Quemado	Maverick	Rural	3	3	0
11	Radar Base	Maverick	Rural	3	3	0
11	Ranchette Estates	Willacy	Rural	3	3	0
11	Ranchitos Las Lomas	Webb	Rural	3	3	0
11	Rancho Viejo	Cameron	Urban	5	5	0
11	Ranchos Penitas West	Webb	Urban	3	3	0
11	Rangerville	Cameron	Rural	3	3	0
11	Ratamosa	Cameron	Rural	3	3	0
11	Raymondville	Willacy	Rural	4	4	0
11	Reid Hope King	Cameron	Urban	6	6	0
11	Relampago	Hidalgo	Rural	3	3	0
11	Rio Bravo	Webb	Urban	4	4	0
11	Rio Grande City	Starr	Rural	4	4	0
11	Rio Hondo	Cameron	Rural	5	5	0
11	Rocksprings	Edwards	Rural	5	5	0
11	Roma	Starr	Rural	6	6	0
11	Roma Creek	Starr	Rural	3	3	0
11	Rosita North	Maverick	Rural	4	4	0
11	Rosita South	Maverick	Rural	5	5	0
11	Sabinal	Uvalde	Rural	6	6	0
11	Salineno	Starr	Rural	3	3	0
11	San Benito	Cameron	Urban	5	5	0
11	San Carlos	Hidalgo	Rural	6	6	0
11	San Ignacio	Zapata	Rural	3	3	0
11	San Isidro	Starr	Rural	5	5	0
11	San Juan	Hidalgo	Urban	5	5	0
11	San Manuel-Linn	Hidalgo	Rural	3	3	0
11	San Pedro	Cameron	Rural	3	3	0
11	San Perlita	Willacy	Rural	6	6	0
11	Santa Cruz	Starr	Rural	6	6	0
11	Santa Maria	Cameron	Rural	4	4	0
11	Santa Monica	Willacy	Rural	3	3	0
11	Santa Rosa	Cameron	Rural	3	3	0
11	Scissors	Hidalgo	Rural	3	3	0
11	Sebastian	Willacy	Rural	3	3	0
11	Siesta Shores	Zapata	Rural	3	3	0
11	Solis	Cameron	Rural	6	6	0
11	South Alamo	Hidalgo	Rural	5	5	0

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Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
11	South Fork Estates	Jim Hogg	Rural	3	3	0
11	South Padre Island	Cameron	Rural	6	6	0
11	South Point	Cameron	Rural	6	6	0
11	Spofford	Kinney	Rural	3	3	0
11	Sullivan City	Hidalgo	Rural	5	5	0
11	Tierra Bonita	Cameron	Rural	3	3	0
11	Utopia	Uvalde	Rural	5	5	0
11	Uvalde	Uvalde	Rural	5	5	0
11	Uvalde Estates	Uvalde	Rural	6	5	-1
11	Val Verde Park	Val Verde	Rural	5	5	0
11	Villa del Sol	Cameron	Rural	3	3	0
11	Villa Pancho	Cameron	Urban	6	6	0
11	Villa Verde	Hidalgo	Urban	3	3	0
11	Weslaco	Hidalgo	Urban	4	4	0
11	West Sharyland	Hidalgo	Rural	4	4	0
11	Willamar	Willacy	Rural	3	3	0
11	Yznaga	Cameron	Rural	3	3	0
11	Zapata	Zapata	Rural	3	3	0
11	Zapata Ranch	Willacy	Rural	3	3	0
12	Ackerly	Dawson	Rural	4	4	0
12	Andrews	Andrews	Rural	5	5	0
12	Balmorhea	Reeves	Rural	4	3	-1
12	Barstow	Ward	Rural	6	6	0
12	Big Lake	Reagan	Rural	5	5	0
12	Big Spring	Howard	Rural	5	5	0
12	Brady	McCulloch	Rural	4	4	0
12	Bronte	Coke	Rural	6	6	0
12	Christoval	Tom Green	Rural	6	6	0
12	Coahoma	Howard	Rural	4	4	0
12	Coyanosa	Pecos	Rural	3	3	0
12	Crane	Crane	Rural	6	6	0
12	Eden	Concho	Rural	6	6	0
12	Eldorado	Schleicher	Rural	3	3	0
12	Forsan	Howard	Rural	4	4	0
12	Fort Stockton	Pecos	Rural	3	3	0
12	Gardendale	Ector	Rural	3	3	0
12	Goldsmith	Ector	Rural	4	4	0
12	Grandfalls	Ward	Rural	4	4	0
12	Grape Creek	Tom Green	Rural	5	5	0
12	Imperial	Pecos	Rural	3	3	0
12	Iraan	Pecos	Rural	3	3	0
12	Junction	Kimble	Rural	5	5	0
12	Kermit	Winkler	Rural	4	4	0
12	Lamesa	Dawson	Rural	5	5	0
12	Lindsay (Reeves)	Reeves	Rural	3	3	0
12	Los Ybanez	Dawson	Rural	3	3	0
12	Mason	Mason	Rural	5	5	0
12	McCamey	Upton	Rural	4	4	0
12	Melvin	McCulloch	Rural	6	6	0

DRAFT 2010 HTC Affordable Housing Needs Score

Region	Area Name	County Name	Area Type	AHNS 09	AHNS 10	Change in AHNS 10 - 09
12	Menard	Menard	Rural	5	5	0
12	Mertzon	Irion	Rural	3	3	0
12	Midland	Midland	Urban	5	5	0
12	Monahans	Ward	Rural	6	6	0
12	Odessa	Ector	Urban	5	5	0
12	Ozona	Crockett	Rural	3	3	0
12	Paint Rock	Concho	Rural	6	6	0
12	Pecos	Reeves	Rural	3	3	0
12	Pyote	Ward	Rural	3	3	0
12	Rankin	Upton	Rural	3	3	0
12	Robert Lee	Coke	Rural	6	6	0
12	San Angelo	Tom Green	Urban	5	5	0
12	Sanderson	Terrell	Rural	5	5	0
12	Seagraves	Gaines	Rural	5	5	0
12	Seminole	Gaines	Rural	4	4	0
12	Sonora	Sutton	Rural	3	3	0
12	Stanton	Martin	Rural	5	5	0
12	Sterling City	Sterling	Rural	4	4	0
12	Thorntonville	Ward	Rural	3	3	0
12	Toyah	Reeves	Rural	3	3	0
12	West Odessa	Ector	Urban	5	5	0
12	Wickett	Ward	Rural	6	6	0
12	Wink	Winkler	Rural	4	4	0
13	Agua Dulce (El Paso)	El Paso	Rural	3	3	0
13	Alpine	Brewster	Rural	6	6	0
13	Anthony	El Paso	Urban	3	3	0
13	Butterfield	El Paso	Rural	3	3	0
13	Canutillo	El Paso	Urban	4	4	0
13	Clint	El Paso	Rural	3	3	0
13	Dell City	Hudspeth	Rural	5	6	1
13	El Paso	El Paso	Urban	5	5	0
13	Fabens	El Paso	Rural	6	6	0
13	Fort Bliss	El Paso	Urban	4	4	0
13	Fort Davis	Jeff Davis	Rural	4	4	0
13	Fort Hancock	Hudspeth	Rural	5	5	0
13	Homestead Meadows North	El Paso	Rural	5	5	0
13	Homestead Meadows South	El Paso	Rural	6	6	0
13	Horizon City	El Paso	Rural	3	3	0
13	Marathon	Brewster	Rural	4	4	0
13	Marfa	Presidio	Rural	4	4	0
13	Morning Glory	El Paso	Rural	3	3	0
13	Prado Verde	El Paso	Urban	3	3	0
13	Presidio	Presidio	Rural	5	5	0
13	Redford	Presidio	Rural	3	3	0
13	San Elizario	El Paso	Urban	3	3	0

Draft 2010 HOME Affordable Housing Need Scores (AHNS) Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to 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	5	5	4
1	Adrian	Oldham	159	Rural	6	6	6
1	Amherst	Lamb	791	Rural	5	5	3
1	Anton	Hockley	1,200	Rural	3	3	5
1	Bishop Hills	Potter	210	Rural	3	3	6
1	Booker	Lipscomb	1,315	Rural	5	5	3
1	Borger	Hutchinson	14,302	Rural	4	5	3
1	Bovina	Parmer	1,874	Rural	4	3	3
1	Brownfield	Terry	9,488	Rural	6	6	4
1	Buffalo Springs	Lubbock	493	Rural	4	4	4
1	Cactus	Moore	2,538	Rural	3	3	4
1	Canadian	Hemphill	2,233	Rural	5	5	4
1	Canyon	Randall	12,875	Rural	6	6	3
1	Channing	Hartley	356	Rural	6	6	4
1	Childress	Childress	6,778	Rural	4	5	3
1	Clarendon	Donley	1,974	Rural	5	5	3
1	Claude	Armstrong	1,313	Rural	6	6	4
1	Crosbyton	Crosby	1,874	Rural	5	5	3
1	Dalhart	Dallam	7,237	Rural	6	6	4
1	Darrouzett	Lipscomb	303	Rural	6	6	6
1	Denver City	Yoakum	3,985	Rural	4	4	6
1	Dickens	Dickens	332	Rural	6	6	6
1	Dimmitt	Castro	4,375	Rural	5	4	5
1	Dodson	Collingsworth	115	Rural	6	6	6
1	Dumas	Moore	13,747	Rural	4	4	3
1	Earth	Lamb	1,109	Rural	4	4	5
1	Edmonson	Hale	123	Rural	3	3	5
1	Estelline	Hall	168	Rural	5	5	6
1	Farwell	Parmer	1,364	Rural	6	6	4
1	Floydada	Floyd	3,676	Rural	5	5	3
1	Follett	Lipscomb	412	Rural	3	3	6
1	Friona	Parmer	3,854	Rural	5	5	3
1	Fritch	Hutchinson	2,235	Rural	5	4	4
1	Groom	Carson	587	Rural	6	6	6
1	Gruver	Hansford	1,162	Rural	5	5	4
1	Hale Center	Hale	2,263	Rural	5	5	3
1	Happy	Swisher	647	Rural	4	4	5
1	Hart	Castro	1,198	Rural	4	4	4

DRAFT 2010 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hartley	Hartley	441	Rural	5	5	5
1	Hedley	Donley	379	Rural	6	6	6
1	Hereford	Deaf Smith	14,597	Rural	3	4	4
1	Higgins	Lipscomb	425	Rural	3	3	6
1	Howardwick	Donley	437	Rural	6	6	4
1	Idalou	Lubbock	2,157	Rural	3	3	3
1	Kress	Swisher	826	Rural	5	5	3
1	Lake Tanglewood	Randall	825	Rural	6	6	3
1	Lakeview	Hall	152	Rural	6	6	4
1	Lefors	Gray	559	Rural	3	3	5
1	Levelland	Hockley	12,866	Rural	5	6	5
1	Lipscomb	Lipscomb	44	Rural	3	3	3
1	Littlefield	Lamb	6,507	Rural	6	6	4
1	Lockney	Floyd	2,056	Rural	4	3	3
1	Lorenzo	Crosby	1,372	Rural	4	4	4
1	Matador	Motley	740	Rural	4	4	3
1	McLean	Gray	830	Rural	5	5	6
1	Meadow	Terry	658	Rural	3	3	4
1	Memphis	Hall	2,479	Rural	5	5	3
1	Miami	Roberts	588	Rural	6	6	4
1	Mobeetie	Wheeler	107	Rural	3	3	3
1	Morse	Hansford	172	Rural	4	4	6
1	Morton	Cochran	2,249	Rural	4	3	3
1	Muleshoe	Bailey	4,530	Rural	3	3	4
1	Nazareth	Castro	356	Rural	4	4	4
1	New Deal	Lubbock	708	Rural	5	5	3
1	New Home	Lynn	320	Rural	4	4	3
1	O'Donnell	Lynn	1,011	Rural	3	3	3
1	Olton	Lamb	2,288	Rural	4	4	4
1	Opdyke West	Hockley	188	Rural	5	5	6
1	Palisades	Randall	352	Rural	4	4	5
1	Pampa	Gray	17,887	Rural	4	5	4
1	Panhandle	Carson	2,589	Rural	4	4	3
1	Perryton	Ochiltree	7,774	Rural	3	4	3
1	Petersburg	Hale	1,262	Rural	3	3	3
1	Plains	Yoakum	1,450	Rural	5	5	3
1	Plainview	Hale	22,336	Rural	5	5	4
1	Post	Garza	3,708	Rural	6	6	6
1	Quail	Collingsworth	33	Rural	3	3	3
1	Quitaque	Briscoe	432	Rural	6	6	5
1	Ralls	Crosby	2,252	Rural	5	5	6
1	Ransom Canyon	Lubbock	1,011	Rural	4	4	3
1	Reese Center	Lubbock	42	Urban	3	3	6
1	Roaring Springs	Motley	265	Rural	3	3	3
1	Ropesville	Hockley	517	Rural	3	3	3
1	Samnorwood	Collingsworth	39	Rural	3	3	3
1	Sanford	Hutchinson	203	Rural	4	4	4
1	Seth Ward	Hale	1,926	Rural	5	5	6
1	Shallowater	Lubbock	2,086	Rural	6	6	5
1	Shamrock	Wheeler	2,029	Rural	5	5	6
1	Silverton	Briscoe	771	Rural	5	5	3

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	3	3	6
1	Slaton	Lubbock	6,109	Rural	5	5	6
1	Smyer	Hockley	480	Rural	4	4	6
1	Spade	Lamb	100	Rural	5	5	3
1	Spearman	Hansford	3,021	Rural	3	3	4
1	Springlake	Lamb	135	Rural	6	6	3
1	Spur	Dickens	1,088	Rural	3	3	4
1	Stinnett	Hutchinson	1,936	Rural	5	5	4
1	Stratford	Sherman	1,991	Rural	3	3	3
1	Sudan	Lamb	1,039	Rural	5	4	3
1	Sundown	Hockley	1,505	Rural	4	4	4
1	Sunray	Moore	1,950	Rural	4	4	3
1	Tahoka	Lynn	2,910	Rural	4	3	6
1	Texhoma	Sherman	371	Rural	6	6	6
1	Texline	Dallam	511	Rural	5	5	5
1	Timbercreek Canyon	Randall	406	Rural	3	3	3
1	Tulia	Swisher	5,117	Rural	4	4	4
1	Turkey	Hall	494	Rural	3	3	5
1	Vega	Oldham	936	Rural	6	5	5
1	Wellington	Collingsworth	2,275	Rural	4	4	5
1	Wellman	Terry	203	Rural	4	3	6
1	Wheeler	Wheeler	1,378	Rural	4	4	3
1	White Deer	Carson	1,060	Rural	5	5	3
1	Whiteface	Cochran	465	Rural	3	3	6
1	Wilson	Lynn	532	Rural	3	3	4
1	Wolfforth	Lubbock	2,554	Rural	5	5	6
2	Albany	Shackelford	1,921	Rural	5	4	3
2	Anson	Jones	2,556	Rural	3	3	5
2	Archer City	Archer	1,848	Rural	4	4	3
2	Aspermont	Stonewall	1,021	Rural	4	4	5
2	Baird	Callahan	1,623	Rural	3	5	4
2	Ballinger	Runnels	4,243	Rural	6	6	6
2	Bangs	Brown	1,620	Rural	5	4	6
2	Bellevue	Clay	386	Rural	4	4	5
2	Benjamin	Knox	264	Rural	3	3	6
2	Blackwell	Nolan	360	Rural	4	4	3
2	Blanket	Brown	402	Rural	6	6	5
2	Bowie	Montague	5,219	Rural	5	6	5
2	Breckenridge	Stephens	5,868	Rural	5	4	3
2	Brownwood	Brown	18,813	Rural	4	6	4
2	Bryson	Jack	528	Rural	5	5	6
2	Buffalo Gap	Taylor	463	Rural	4	4	3
2	Burkburnett	Wichita	10,927	Rural	5	5	3
2	Byers	Clay	517	Rural	6	6	5
2	Carbon	Eastland	224	Rural	3	3	3
2	Chillicothe	Hardeman	798	Rural	6	6	3
2	Cisco	Eastland	3,851	Rural	6	6	4
2	Clyde	Callahan	3,345	Rural	5	4	4
2	Coleman	Coleman	5,127	Rural	5	5	6
2	Colorado City	Mitchell	4,281	Rural	6	5	6
2	Comanche	Comanche	4,482	Rural	6	6	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Cross Plains	Callahan	1,068	Rural	3	5	5
2	Crowell	Foard	1,141	Rural	5	5	5
2	De Leon	Comanche	2,433	Rural	5	5	5
2	Dean	Clay	341	Rural	6	6	4
2	Early	Brown	2,588	Rural	5	4	4
2	Eastland	Eastland	3,769	Rural	3	6	6
2	Elbert	Throckmorton	56	Rural	6	6	3
2	Electra	Wichita	3,168	Rural	5	5	5
2	Girard	Kent	62	Rural	3	3	6
2	Goree	Knox	321	Rural	3	3	6
2	Gorman	Eastland	1,236	Rural	3	3	3
2	Graham	Young	8,716	Rural	4	4	4
2	Gustine	Comanche	457	Rural	6	6	6
2	Hamlin	Jones	2,248	Rural	4	4	6
2	Haskell	Haskell	3,106	Rural	5	5	6
2	Hawley	Jones	646	Rural	6	6	3
2	Henrietta	Clay	3,264	Rural	5	5	4
2	Hermleigh	Scurry	393	Rural	5	5	6
2	Holliday	Archer	1,632	Rural	3	3	5
2	Impact	Taylor	39	Urban	3	3	3
2	Iowa Park	Wichita	6,431	Rural	5	5	3
2	Jacksboro	Jack	4,533	Rural	5	5	5
2	Jayton	Kent	513	Rural	3	3	3
2	Jolly	Clay	188	Rural	6	6	6
2	Knox City	Knox	1,219	Rural	4	4	6
2	Lake Brownwood	Brown	1,694	Rural	6	6	6
2	Lakeside City	Archer	984	Urban	4	4	3
2	Lawn	Taylor	353	Rural	3	3	4
2	Loraine	Mitchell	656	Rural	5	5	3
2	Lueders	Jones	300	Rural	5	4	6
2	Megargel	Archer	248	Rural	3	3	3
2	Merkel	Taylor	2,637	Rural	5	5	3
2	Miles	Runnels	850	Rural	5	5	3
2	Moran	Shackelford	233	Rural	4	3	5
2	Munday	Knox	1,527	Rural	3	3	3
2	Newcastle	Young	575	Rural	5	5	4
2	Nocona	Montague	3,198	Rural	4	3	3
2	Novice	Coleman	142	Rural	3	3	3
2	O'Brien	Haskell	132	Rural	3	3	6
2	Olney	Young	3,396	Rural	4	4	5
2	Paducah	Cottle	1,498	Rural	4	4	3
2	Petrolia	Clay	782	Rural	6	6	3
2	Pleasant Valley	Wichita	408	Urban	6	6	5
2	Potosi	Taylor	1,664	Urban	6	6	3
2	Putnam	Callahan	88	Rural	6	6	3
2	Quanah	Hardeman	3,022	Rural	6	6	3
2	Ranger	Eastland	2,584	Rural	4	3	6
2	Rising Star	Eastland	835	Rural	4	4	5
2	Roby	Fisher	673	Rural	5	5	3
2	Rochester	Haskell	378	Rural	4	4	5
2	Roscoe	Nolan	1,378	Rural	4	3	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Rotan	Fisher	1,611	Rural	4	4	3
2	Rule	Haskell	698	Rural	4	4	5
2	Santa Anna	Coleman	1,081	Rural	3	4	5
2	Scotland	Archer	438	Rural	3	3	5
2	Seymour	Baylor	2,908	Rural	4	4	3
2	Snyder	Scurry	10,783	Rural	4	4	4
2	St. Jo	Montague	977	Rural	3	3	5
2	Stamford	Jones	3,636	Rural	4	4	4
2	Sunset	Montague	339	Rural	3	3	6
2	Sweetwater	Nolan	11,415	Rural	5	5	4
2	Throckmorton	Throckmorton	905	Rural	4	3	3
2	Trent	Taylor	318	Rural	5	5	3
2	Tuscola	Taylor	714	Rural	3	3	3
2	Tye	Taylor	1,158	Urban	6	6	4
2	Vernon	Wilbarger	11,660	Rural	3	4	4
2	Weinert	Haskell	177	Rural	6	6	4
2	Westbrook	Mitchell	203	Rural	5	5	5
2	Windthorst	Archer	440	Rural	3	3	6
2	Winters	Runnels	2,880	Rural	3	3	4
2	Woodson	Throckmorton	296	Rural	3	3	5
3	Addison	Dallas	14,166	Urban	4	4	3
3	Aledo	Parker	1,726	Rural	5	4	5
3	Allen	Collin	43,554	Urban	5	5	3
3	Alma	Ellis	302	Rural	6	6	6
3	Alvarado	Johnson	3,288	Rural	4	3	5
3	Alvord	Wise	1,007	Rural	5	5	3
3	Angus	Navarro	334	Rural	5	5	5
3	Anna	Collin	1,225	Rural	6	4	3
3	Annetta	Parker	1,108	Rural	6	6	3
3	Annetta North	Parker	467	Rural	6	6	3
3	Annetta South	Parker	555	Rural	6	6	3
3	Argyle	Denton	2,365	Urban	4	4	3
3	Aubrey	Denton	1,500	Rural	6	4	5
3	Aurora	Wise	853	Rural	6	6	6
3	Bailey	Fannin	213	Rural	6	6	3
3	Bardwell	Ellis	583	Rural	3	3	6
3	Barry	Navarro	209	Rural	6	6	4
3	Bartonville	Denton	1,093	Rural	3	3	3
3	Bells	Grayson	1,190	Rural	5	5	5
3	Blooming Grove	Navarro	833	Rural	4	4	5
3	Blue Ridge	Collin	672	Rural	5	5	6
3	Bonham	Fannin	9,990	Rural	6	5	5
3	Boyd	Wise	1,099	Rural	4	4	5
3	Briar	Tarrant	5,350	Rural	3	3	5
3	Briaroaks	Johnson	493	Rural	3	3	4
3	Bridgeport	Wise	4,309	Rural	4	5	5
3	Caddo Mills	Hunt	1,149	Rural	5	5	5
3	Callisburg	Cooke	365	Rural	4	4	6
3	Campbell	Hunt	734	Rural	5	4	6
3	Carrollton	Denton	109,576	Urban	4	4	3
3	Celeste	Hunt	817	Rural	4	3	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Celina	Collin	1,861	Urban	4	3	4
3	Chico	Wise	947	Rural	5	5	5
3	Cleburne	Johnson	26,005	Urban	3	5	5
3	Colleyville	Tarrant	19,636	Urban	4	4	3
3	Collinsville	Grayson	1,235	Rural	3	3	4
3	Commerce	Hunt	7,669	Rural	6	6	3
3	Cool	Parker	162	Rural	6	6	6
3	Copper Canyon	Denton	1,216	Urban	6	6	3
3	Corinth	Denton	11,325	Urban	3	4	3
3	Corral City	Denton	89	Rural	3	3	6
3	Corsicana	Navarro	24,485	Rural	5	5	5
3	Cottonwood	Kaufman	181	Rural	3	3	5
3	Crandall	Kaufman	2,774	Rural	4	4	4
3	Cross Roads	Denton	603	Rural	3	3	6
3	Cross Timber	Johnson	277	Rural	6	6	4
3	Dawson	Navarro	852	Rural	3	3	4
3	Decatur	Wise	5,201	Rural	3	4	5
3	Denison	Grayson	22,773	Urban	4	5	5
3	DeSoto	Dallas	37,646	Urban	4	6	4
3	Dodd City	Fannin	419	Rural	6	6	5
3	Dorchester	Grayson	109	Urban	3	3	6
3	Double Oak	Denton	2,179	Urban	4	6	3
3	Dublin	Erath	3,754	Rural	4	4	5
3	Eagle Mountain	Tarrant	6,599	Urban	4	4	4
3	Ector	Fannin	600	Rural	5	5	3
3	Edgecliff Village	Tarrant	2,550	Urban	6	5	4
3	Emhouse	Navarro	159	Rural	3	3	3
3	Ennis	Ellis	16,045	Rural	3	4	5
3	Euless	Tarrant	46,005	Urban	4	4	3
3	Eureka	Navarro	340	Rural	3	3	5
3	Fairview	Collin	2,644	Urban	6	6	3
3	Farmersville	Collin	3,118	Rural	4	3	3
3	Fate	Rockwall	497	Rural	6	6	4
3	Ferris	Ellis	2,175	Rural	4	4	3
3	Flower Mound	Denton	50,702	Urban	4	4	3
3	Forney	Kaufman	5,588	Rural	5	5	5
3	Frisco	Collin	33,714	Urban	5	5	3
3	Frost	Navarro	648	Rural	5	5	6
3	Gainesville	Cooke	15,538	Rural	4	5	4
3	Garrett	Ellis	448	Rural	6	6	6
3	Glen Rose	Somervell	2,122	Rural	4	4	5
3	Godley	Johnson	879	Rural	6	6	3
3	Goodlow	Navarro	264	Rural	3	3	6
3	Gordon	Palo Pinto	451	Rural	6	6	4
3	Graford	Palo Pinto	578	Rural	4	4	4
3	Granbury	Hood	5,718	Rural	5	6	4
3	Grandview	Johnson	1,358	Rural	5	5	5
3	Grays Prairie	Kaufman	296	Rural	6	6	3
3	Greenville	Hunt	23,960	Rural	4	5	5
3	Gunter	Grayson	1,230	Rural	5	4	3
3	Hackberry	Denton	544	Urban	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Hawk Cove	Hunt	457	Rural	3	3	5
3	Heath	Rockwall	4,149	Urban	3	3	3
3	Hebron	Denton	874	Urban	3	3	3
3	Hickory Creek	Denton	2,078	Urban	4	4	3
3	Highland Village	Denton	12,173	Urban	5	5	3
3	Honey Grove	Fannin	1,746	Rural	3	5	4
3	Howe	Grayson	2,478	Urban	5	5	6
3	Hudson Oaks	Parker	1,637	Rural	6	6	3
3	Italy	Ellis	1,993	Rural	4	4	4
3	Josephine	Collin	594	Rural	6	6	3
3	Joshua	Johnson	4,528	Urban	4	4	4
3	Justin	Denton	1,891	Rural	5	4	4
3	Kaufman	Kaufman	6,490	Rural	3	4	6
3	Keene	Johnson	5,003	Rural	5	5	6
3	Kemp	Kaufman	1,133	Rural	6	6	5
3	Kerens	Navarro	1,681	Rural	5	5	5
3	Knollwood	Grayson	375	Urban	6	6	6
3	Krugerville	Denton	903	Rural	6	6	5
3	Krum	Denton	1,979	Rural	3	3	4
3	Ladonia	Fannin	667	Rural	3	3	5
3	Lake Bridgeport	Wise	372	Rural	3	3	4
3	Lake Dallas	Denton	6,166	Rural	5	4	5
3	Lake Kiowa	Cooke	1,883	Rural	3	3	3
3	Lakewood Village	Denton	342	Rural	6	6	5
3	Lavon	Collin	387	Rural	3	3	5
3	Leonard	Fannin	1,846	Rural	5	5	4
3	Lewisville	Denton	77,737	Urban	5	5	3
3	Lincoln Park	Denton	517	Rural	4	4	6
3	Lindsay (Cooke)	Cooke	788	Rural	4	4	3
3	Lipan	Hood	425	Rural	3	3	5
3	Little Elm	Denton	3,646	Urban	3	4	5
3	Lone Oak	Hunt	521	Rural	3	3	4
3	Lowry Crossing	Collin	1,229	Urban	6	6	3
3	Lucas	Collin	2,890	Urban	6	6	3
3	Mabank	Kaufman	2,151	Rural	3	6	5
3	Marshall Creek	Denton	431	Rural	6	6	6
3	Maypearl	Ellis	746	Rural	5	4	5
3	McKinney	Collin	54,369	Urban	4	5	3
3	McLendon-Chisholm	Rockwall	914	Rural	6	6	3
3	Melissa	Collin	1,350	Urban	5	5	4
3	Mesquite	Dallas	124,523	Urban	4	5	4
3	Midlothian	Ellis	7,480	Urban	4	4	4
3	Mildred	Navarro	405	Rural	5	5	5
3	Milford	Ellis	685	Rural	3	3	6
3	Millsap	Parker	353	Rural	4	4	4
3	Mineral Wells	Palo Pinto	16,946	Rural	5	5	5
3	Mingus	Palo Pinto	246	Rural	6	6	3
3	Mobile City	Rockwall	196	Rural	4	4	6
3	Muenster	Cooke	1,556	Rural	5	5	5
3	Murphy	Collin	3,099	Urban	6	5	3
3	Mustang	Navarro	47	Rural	3	3	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Navarro	Navarro	191	Rural	3	3	3
3	Nevada	Collin	563	Rural	4	3	3
3	New Fairview	Wise	877	Rural	4	4	6
3	New Hope	Collin	662	Rural	3	3	3
3	Newark	Wise	887	Rural	5	5	5
3	Neylandville	Hunt	56	Rural	3	3	6
3	Northlake	Denton	921	Urban	5	4	6
3	Oak Grove	Kaufman	710	Rural	6	6	3
3	Oak Leaf	Ellis	1,209	Rural	6	6	3
3	Oak Point	Denton	1,747	Rural	5	4	4
3	Oak Ridge (Cooke)	Cooke	224	Rural	5	5	5
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6
3	Oak Trail Shores	Hood	2,475	Rural	3	3	6
3	Oak Valley	Navarro	401	Rural	5	5	5
3	Ovilla	Ellis	3,405	Urban	6	6	4
3	Palmer	Ellis	1,774	Rural	3	3	6
3	Paradise	Wise	459	Rural	6	6	6
3	Parker	Collin	1,379	Urban	3	3	3
3	Pecan Acres	Wise	2,289	Rural	6	6	4
3	Pecan Hill	Ellis	672	Rural	5	5	4
3	Pecan Plantation	Hood	3,544	Rural	4	4	3
3	Pelican Bay	Tarrant	1,505	Rural	5	5	6
3	Pilot Point	Denton	3,538	Rural	4	4	5
3	Ponder	Denton	507	Rural	4	3	3
3	Post Oak Bend City	Kaufman	404	Rural	3	3	5
3	Pottsboro	Grayson	1,579	Rural	4	4	3
3	Powell	Navarro	105	Rural	3	3	6
3	Princeton	Collin	3,477	Urban	5	4	5
3	Prosper	Collin	2,097	Urban	4	4	4
3	Quinlan	Hunt	1,370	Rural	6	6	4
3	Ravenna	Fannin	215	Rural	3	3	6
3	Red Oak	Ellis	4,301	Urban	5	5	5
3	Rendon	Tarrant	9,022	Urban	3	3	5
3	Reno (Parker)	Parker	2,441	Rural	5	5	5
3	Retreat	Navarro	339	Rural	4	4	6
3	Rhome	Wise	551	Rural	5	3	6
3	Rice	Navarro	798	Rural	5	5	4
3	Richardson	Dallas	91,802	Urban	4	4	3
3	Richland	Navarro	291	Rural	6	6	6
3	Rio Vista	Johnson	656	Rural	4	4	6
3	Roanoke	Denton	2,810	Urban	5	4	5
3	Rockwall	Rockwall	17,976	Urban	3	4	4
3	Rosser	Kaufman	379	Rural	6	6	4
3	Rowlett	Dallas	44,503	Urban	5	4	3
3	Royse City	Rockwall	2,957	Rural	4	4	6
3	Runaway Bay	Wise	1,104	Rural	5	5	5
3	Sadler	Grayson	404	Rural	6	6	5
3	Sanctuary	Parker	256	Rural	6	6	5
3	Sanger	Denton	4,534	Rural	3	4	5
3	Savoy	Fannin	850	Rural	5	5	3
3	Shady Shores	Denton	1,461	Urban	3	3	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Sherman	Grayson	35,082	Urban	5	5	5
3	Southmayd	Grayson	992	Rural	4	4	4
3	Springtown	Parker	2,062	Rural	3	5	5
3	St. Paul (Collin)	Collin	630	Rural	3	3	3
3	Stephenville	Erath	14,921	Rural	6	6	5
3	Strawn	Palo Pinto	739	Rural	5	4	6
3	Sunnyvale	Dallas	2,693	Urban	3	3	5
3	Talty	Kaufman	1,028	Rural	3	3	3
3	Terrell	Kaufman	13,606	Rural	5	6	5
3	The Colony	Denton	26,531	Urban	3	4	3
3	Tioga	Grayson	754	Rural	3	3	4
3	Tolar	Hood	504	Rural	4	3	3
3	Tom Bean	Grayson	941	Rural	3	3	5
3	Trenton	Fannin	662	Rural	4	4	3
3	Trophy Club	Denton	6,350	Rural	4	4	3
3	Valley View	Cooke	737	Rural	4	4	3
3	Van Alstyne	Grayson	2,502	Rural	3	3	3
3	Venus	Johnson	910	Rural	3	3	4
3	Waxahachie	Ellis	21,426	Rural	3	5	5
3	Weatherford	Parker	19,000	Rural	4	5	4
3	West Tawakoni	Hunt	1,462	Rural	6	5	5
3	Westminster	Collin	390	Rural	3	3	5
3	Weston	Collin	635	Urban	5	5	3
3	Westover Hills	Tarrant	658	Urban	3	3	3
3	Whitesboro	Grayson	3,760	Rural	5	5	4
3	Whitewright	Grayson	1,740	Rural	6	6	5
3	Willow Park	Parker	2,849	Rural	3	3	3
3	Windom	Fannin	245	Rural	3	3	5
3	Wolfe City	Hunt	1,566	Rural	5	5	4
3	Wylie	Collin	15,132	Rural	3	4	5
4	Alba	Wood	430	Rural	6	6	6
4	Alto	Cherokee	1,190	Rural	4	4	4
4	Annona	Red River	282	Rural	6	6	6
4	Arp	Smith	901	Rural	3	3	4
4	Athens	Henderson	11,297	Rural	4	5	4
4	Atlanta	Cass	5,745	Rural	4	4	5
4	Avery	Red River	462	Rural	5	5	3
4	Avinger	Cass	464	Rural	6	6	4
4	Beckville	Panola	752	Rural	5	5	4
4	Berryville	Henderson	891	Rural	5	4	6
4	Big Sandy	Upshur	1,288	Rural	3	3	6
4	Bloomburg	Cass	375	Rural	3	3	5
4	Blossom	Lamar	1,439	Rural	4	4	3
4	Bogata	Red River	1,396	Rural	3	3	4
4	Brownsboro	Henderson	796	Rural	6	6	5
4	Bullard	Smith	1,150	Rural	5	5	4
4	Caney City	Henderson	236	Rural	6	6	6
4	Canton	Van Zandt	3,292	Rural	4	4	4
4	Carthage	Panola	6,664	Rural	5	5	4
4	Chandler	Henderson	2,099	Rural	3	4	3
4	Clarksville	Red River	3,883	Rural	5	4	3

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Clarksville City	Gregg	806	Rural	4	4	5
4	Coffee City	Henderson	193	Rural	3	3	6
4	Como	Hopkins	621	Rural	4	4	5
4	Cooper	Delta	2,150	Rural	6	5	5
4	Cumby	Hopkins	616	Rural	5	5	4
4	Cuney	Cherokee	145	Rural	5	5	6
4	Daingerfield	Morris	2,517	Rural	6	6	3
4	De Kalb	Bowie	1,769	Rural	6	5	4
4	Deport	Lamar	718	Rural	4	4	3
4	Detroit	Red River	776	Rural	4	4	3
4	Domino	Cass	52	Rural	3	3	3
4	Douglassville	Cass	175	Rural	3	3	3
4	East Mountain	Upshur	580	Rural	4	4	4
4	East Tawakoni	Rains	775	Rural	6	6	3
4	Easton	Gregg	524	Rural	3	3	5
4	Edgewood	Van Zandt	1,348	Rural	5	5	5
4	Edom	Van Zandt	322	Rural	6	6	5
4	Elkhart	Anderson	1,215	Rural	5	5	5
4	Emory	Rains	1,021	Rural	6	5	3
4	Enchanted Oaks	Henderson	357	Rural	6	6	4
4	Eustace	Henderson	798	Rural	3	3	3
4	Frankston	Anderson	1,209	Rural	4	4	4
4	Fruitvale	Van Zandt	418	Rural	4	4	3
4	Gallatin	Cherokee	378	Rural	4	4	5
4	Gary City	Panola	303	Rural	3	3	3
4	Gilmer	Upshur	4,799	Rural	6	6	4
4	Gladewater	Gregg	6,078	Rural	5	6	4
4	Grand Saline	Van Zandt	3,028	Rural	3	3	4
4	Gun Barrel City	Henderson	5,145	Rural	5	5	5
4	Hallsville	Harrison	2,772	Rural	3	3	3
4	Hawkins	Wood	1,331	Rural	6	5	5
4	Henderson	Rusk	11,273	Rural	3	3	3
4	Hooks	Bowie	2,973	Rural	4	4	4
4	Hughes Springs	Cass	1,856	Rural	4	3	3
4	Jacksonville	Cherokee	13,868	Rural	4	5	4
4	Jefferson	Marion	2,024	Rural	6	6	5
4	Kilgore	Gregg	11,301	Rural	3	4	4
4	Lakeport	Gregg	861	Rural	4	4	5
4	Leary	Bowie	555	Rural	3	3	5
4	Liberty City	Gregg	1,935	Rural	4	3	3
4	Lindale	Smith	2,954	Rural	5	4	4
4	Linden	Cass	2,256	Rural	4	4	3
4	Log Cabin	Henderson	733	Rural	6	6	3
4	Lone Star	Morris	1,631	Rural	4	5	3
4	Malakoff	Henderson	2,257	Rural	5	5	5
4	Marietta	Cass	112	Rural	3	3	6
4	Marshall	Harrison	23,935	Rural	4	4	4
4	Maud	Bowie	1,028	Rural	6	6	3
4	Miller's Cove	Titus	120	Rural	6	6	6
4	Mineola	Wood	4,550	Rural	5	5	3
4	Moore Station	Henderson	184	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Mount Enterprise	Rusk	525	Rural	3	3	5
4	Mount Pleasant	Titus	13,935	Rural	4	4	4
4	Mount Vernon	Franklin	2,286	Rural	3	5	5
4	Murchison	Henderson	592	Rural	3	3	4
4	Naples	Morris	1,410	Rural	6	6	5
4	Nash	Bowie	2,169	Urban	5	3	4
4	Nesbitt	Harrison	302	Rural	3	3	6
4	New Boston	Bowie	4,808	Rural	6	6	4
4	New Chapel Hill	Smith	553	Rural	3	3	6
4	New London	Rusk	987	Rural	5	5	5
4	New Summerfield	Cherokee	998	Rural	4	3	3
4	Noonday	Smith	515	Rural	5	4	3
4	Omaha	Morris	999	Rural	6	6	3
4	Ore City	Upshur	1,106	Rural	6	6	5
4	Overton	Rusk	2,350	Rural	6	6	5
4	Palestine	Anderson	17,598	Rural	4	5	5
4	Paris	Lamar	25,898	Rural	5	5	4
4	Payne Springs	Henderson	683	Rural	3	3	3
4	Pecan Gap	Delta	214	Rural	5	5	6
4	Pittsburg	Camp	4,347	Rural	3	4	4
4	Point	Rains	792	Rural	6	6	6
4	Poynor	Henderson	314	Rural	6	6	4
4	Queen City	Cass	1,613	Rural	6	5	4
4	Quitman	Wood	2,030	Rural	4	4	5
4	Red Lick	Bowie	853	Rural	6	6	3
4	Redwater	Bowie	872	Rural	4	4	6
4	Reklaw	Cherokee	327	Rural	3	3	6
4	Reno (Lamar)	Lamar	2,767	Rural	3	3	3
4	Rocky Mound	Camp	93	Rural	3	3	6
4	Roxton	Lamar	694	Rural	5	5	5
4	Rusk	Cherokee	5,085	Rural	5	5	3
4	Scottsville	Harrison	263	Rural	4	4	6
4	Seven Points	Henderson	1,145	Rural	3	6	6
4	Star Harbor	Henderson	416	Rural	3	3	3
4	Sulphur Springs	Hopkins	14,551	Rural	5	5	4
4	Sun Valley	Lamar	51	Rural	3	3	6
4	Talco	Titus	570	Rural	5	5	6
4	Tatum	Rusk	1,175	Rural	5	5	4
4	Texarkana	Bowie	34,782	Urban	4	5	3
4	Tira	Hopkins	248	Rural	3	3	5
4	Toco	Lamar	89	Rural	6	6	6
4	Tool	Henderson	2,275	Rural	3	3	4
4	Trinidad	Henderson	1,091	Rural	5	5	3
4	Troup	Smith	1,949	Rural	5	4	5
4	Uncertain	Harrison	150	Rural	5	5	6
4	Union Grove	Upshur	346	Rural	3	3	6
4	Van	Van Zandt	2,362	Rural	6	5	4
4	Wake Village	Bowie	5,129	Urban	4	3	3
4	Warren City	Gregg	343	Rural	6	6	5
4	Waskom	Harrison	2,068	Rural	4	4	4
4	Wells	Cherokee	769	Rural	5	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	White Oak	Gregg	5,624	Urban	5	5	4
4	Whitehouse	Smith	5,346	Rural	3	4	3
4	Wills Point	Van Zandt	3,496	Rural	4	4	5
4	Winfield	Titus	499	Rural	4	4	5
4	Winnsboro	Wood	3,584	Rural	5	5	4
4	Winona	Smith	582	Rural	3	3	4
4	Yantis	Wood	321	Rural	3	3	6
5	Appleby	Nacogdoches	444	Rural	5	5	4
5	Bevil Oaks	Jefferson	1,346	Rural	3	3	4
5	Broaddus	San Augustine	189	Rural	6	6	6
5	Browndell	Jasper	219	Rural	3	3	6
5	Buna	Jasper	2,269	Rural	3	3	5
5	Burke	Angelina	315	Rural	6	6	5
5	Center	Shelby	5,678	Rural	4	5	4
5	Central Gardens	Jefferson	4,106	Rural	3	3	3
5	Chester	Tyler	265	Rural	4	3	6
5	Chireno	Nacogdoches	405	Rural	4	4	4
5	Coldspring	San Jacinto	691	Rural	5	4	5
5	Colmesneil	Tyler	638	Rural	5	4	5
5	Corrigan	Polk	1,721	Rural	6	6	4
5	Crockett	Houston	7,141	Rural	4	4	6
5	Cushing	Nacogdoches	637	Rural	4	4	3
5	Deweyville	Newton	1,190	Rural	5	4	3
5	Diboll	Angelina	5,470	Rural	3	3	4
5	Evadale	Jasper	1,430	Rural	3	3	5
5	Garrison	Nacogdoches	844	Rural	4	4	3
5	Goodrich	Polk	243	Rural	3	3	6
5	Grapeland	Houston	1,451	Rural	6	6	6
5	Groves	Jefferson	15,733	Urban	4	4	3
5	Groveton	Trinity	1,107	Rural	5	5	6
5	Hemphill	Sabine	1,106	Rural	3	4	5
5	Hudson	Angelina	3,792	Rural	4	4	4
5	Huntington	Angelina	2,068	Rural	3	5	4
5	Huxley	Shelby	298	Rural	3	3	3
5	Jasper	Jasper	8,247	Rural	3	5	6
5	Joaquin	Shelby	925	Rural	3	4	6
5	Kennard	Houston	317	Rural	6	6	6
5	Kirbyville	Jasper	2,085	Rural	5	5	4
5	Latexo	Houston	272	Rural	3	3	6
5	Livingston	Polk	5,433	Rural	5	5	5
5	Lovelady	Houston	608	Rural	6	6	3
5	Lufkin	Angelina	32,709	Rural	5	6	4
5	Lumberton	Hardin	8,731	Rural	3	3	4
5	Mauriceville	Orange	2,743	Rural	4	4	4
5	Milam	Sabine	1,329	Rural	3	3	3
5	Nacogdoches	Nacogdoches	29,914	Rural	6	6	4
5	Nederland	Jefferson	17,422	Urban	4	4	3
5	Newton	Newton	2,459	Rural	6	6	3
5	Nome	Jefferson	515	Rural	5	4	5
5	Oakhurst	San Jacinto	230	Rural	4	3	5
5	Onalaska	Polk	1,174	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Pine Forest	Orange	632	Rural	6	6	4
5	Pineland	Sabine	980	Rural	6	6	4
5	Pinewood Estates	Hardin	1,633	Rural	3	3	3
5	Point Blank	San Jacinto	559	Rural	5	4	6
5	Port Neches	Jefferson	13,601	Urban	4	3	3
5	Rose City	Orange	519	Rural	5	5	6
5	Rose Hill Acres	Hardin	480	Urban	6	6	3
5	San Augustine	San Augustine	2,475	Rural	5	4	3
5	Seven Oaks	Polk	131	Rural	3	3	4
5	Shepherd	San Jacinto	2,029	Rural	4	3	5
5	South Toledo Bend	Newton	576	Rural	3	3	4
5	Tenaha	Shelby	1,046	Rural	5	4	5
5	Timpson	Shelby	1,094	Rural	6	6	6
5	Trinity	Trinity	2,721	Rural	5	5	5
5	West Livingston	Polk	6,612	Rural	5	4	6
5	Woodville	Tyler	2,415	Rural	5	6	4
5	Zavalla	Angelina	647	Rural	6	6	3
6	Aldine	Harris	13,979	Urban	3	3	6
6	Ames	Liberty	1,079	Rural	4	4	6
6	Anahuac	Chambers	2,210	Rural	5	5	5
6	Angleton	Brazoria	18,130	Rural	3	5	4
6	Atascocita	Harris	35,757	Urban	4	4	4
6	Bacliff	Galveston	6,962	Urban	6	6	6
6	Barrett	Harris	2,872	Rural	6	6	6
6	Bay City	Matagorda	18,667	Rural	4	4	3
6	Bayou Vista	Galveston	1,644	Rural	4	4	5
6	Baytown	Harris	66,430	Urban	3	4	5
6	Beach City	Chambers	1,645	Urban	4	4	4
6	Bellville	Austin	3,794	Rural	3	3	4
6	Blessing	Matagorda	861	Rural	3	3	6
6	Boling-Iago	Wharton	1,271	Rural	3	3	4
6	Bolivar Peninsula	Galveston	3,853	Rural	6	6	5
6	Brookshire	Waller	3,450	Rural	4	6	6
6	Bunker Hill Village	Harris	3,654	Urban	6	6	4
6	Channelview	Harris	29,685	Urban	5	5	5
6	Cinco Ranch	Fort Bend	11,196	Urban	5	5	3
6	Clear Lake Shores	Galveston	1,205	Urban	4	4	4
6	Cleveland	Liberty	7,605	Rural	6	6	6
6	Cloverleaf	Harris	23,508	Urban	5	5	4
6	Columbus	Colorado	3,916	Rural	4	3	3
6	Conroe	Montgomery	36,811	Urban	4	5	5
6	Cove	Chambers	323	Rural	6	6	3
6	Crosby	Harris	1,714	Rural	4	3	6
6	Cumings	Fort Bend	683	Rural	3	3	3
6	Cut and Shoot	Montgomery	1,158	Urban	6	6	5
6	Daisetta	Liberty	1,034	Rural	5	5	5
6	Damon	Brazoria	535	Rural	6	5	6
6	Dayton Lakes	Liberty	101	Rural	3	3	3
6	Devers	Liberty	416	Rural	6	6	6
6	Dickinson	Galveston	17,093	Urban	5	5	4
6	Eagle Lake	Colorado	3,664	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	East Bernard	Wharton	1,729	Rural	4	4	5
6	El Campo	Wharton	10,945	Rural	4	5	4
6	El Lago	Harris	3,075	Urban	4	4	3
6	Fifth Street	Fort Bend	2,059	Urban	4	4	6
6	Four Corners	Fort Bend	2,954	Urban	5	5	5
6	Fresno	Fort Bend	6,603	Urban	5	3	4
6	Friendswood	Galveston	29,037	Urban	4	5	4
6	Greatwood	Fort Bend	6,640	Urban	5	5	3
6	Hardin	Liberty	755	Rural	3	3	5
6	Hedwig Village	Harris	2,334	Urban	5	4	3
6	Hempstead	Waller	4,691	Rural	3	5	6
6	Highlands	Harris	7,089	Urban	4	3	5
6	Hillcrest	Brazoria	722	Rural	6	6	4
6	Hilshire Village	Harris	720	Urban	6	6	3
6	Hitchcock	Galveston	6,386	Rural	3	5	6
6	Hungerford	Wharton	645	Rural	3	3	5
6	Hunters Creek Village	Harris	4,374	Urban	3	3	3
6	Huntsville	Walker	35,078	Rural	6	6	4
6	Industry	Austin	304	Rural	3	3	6
6	Jamaica Beach	Galveston	1,075	Urban	6	6	5
6	Jersey Village	Harris	6,880	Urban	3	4	3
6	Kemah	Galveston	2,330	Urban	6	6	5
6	Kenefick	Liberty	667	Rural	4	4	6
6	La Marque	Galveston	13,682	Urban	4	5	6
6	League City	Galveston	45,444	Urban	3	4	4
6	Liverpool	Brazoria	404	Rural	6	6	4
6	Louise	Wharton	977	Rural	4	3	4
6	Magnolia	Montgomery	1,111	Rural	5	4	6
6	Markham	Matagorda	1,138	Rural	3	3	3
6	Mission Bend	Fort Bend	30,831	Urban	5	4	5
6	Missouri City	Fort Bend	52,913	Urban	4	4	4
6	Mont Belvieu	Chambers	2,324	Rural	4	4	3
6	Montgomery	Montgomery	489	Rural	6	6	5
6	Nassau Bay	Harris	4,170	Urban	6	6	3
6	New Territory	Fort Bend	13,861	Urban	4	3	3
6	New Waverly	Walker	950	Rural	6	5	5
6	North Cleveland	Liberty	263	Rural	3	3	6
6	Oak Ridge North	Montgomery	2,991	Urban	5	5	3
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5
6	Palacios	Matagorda	5,153	Rural	4	5	4
6	Panorama Village	Montgomery	1,965	Urban	5	4	4
6	Pattison	Waller	447	Rural	5	4	5
6	Patton Village	Montgomery	1,391	Rural	5	5	5
6	Pecan Grove	Fort Bend	13,551	Rural	4	4	3
6	Pine Island	Waller	849	Rural	4	4	3
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	4	3	4
6	Piney Point Village	Harris	3,380	Urban	4	3	4
6	Plum Grove	Liberty	930	Rural	3	3	6
6	Porter Heights	Montgomery	1,490	Rural	3	3	6
6	Prairie View	Waller	4,410	Rural	3	6	5
6	Quintana	Brazoria	38	Rural	3	3	6

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Riverside	Walker	425	Rural	6	6	6
6	Roman Forest	Montgomery	1,279	Rural	4	3	3
6	San Felipe	Austin	868	Rural	6	6	3
6	San Leon	Galveston	4,365	Urban	5	5	5
6	Santa Fe	Galveston	9,548	Urban	4	4	4
6	Sealy	Austin	5,248	Rural	3	4	5
6	Sheldon	Harris	1,831	Rural	3	3	4
6	Shenandoah	Montgomery	1,503	Urban	5	5	4
6	Sienna Plantation	Fort Bend	1,896	Urban	5	4	3
6	Southside Place	Harris	1,546	Urban	6	6	3
6	Splendora	Montgomery	1,275	Rural	6	6	5
6	Spring	Harris	36,385	Urban	4	4	4
6	Spring Valley	Harris	3,611	Urban	4	3	3
6	Stagecoach	Montgomery	455	Rural	3	3	3
6	Stowell	Chambers	1,572	Rural	4	3	6
6	Sugar Land	Fort Bend	63,328	Urban	5	4	4
6	Taylor Lake Village	Harris	3,694	Urban	3	3	3
6	Texas City	Galveston	41,521	Urban	5	6	5
6	The Woodlands	Montgomery	55,649	Urban	3	5	3
6	Tiki Island	Galveston	1,016	Urban	3	3	4
6	Van Vleck	Matagorda	1,411	Rural	3	3	5
6	Wallis	Austin	1,172	Rural	3	3	5
6	Weimar	Colorado	1,981	Rural	5	4	5
6	Wharton	Wharton	9,237	Rural	5	5	5
6	Wild Peach Village	Brazoria	2,498	Rural	3	3	4
6	Willis	Montgomery	3,985	Rural	3	4	6
6	Winnie	Chambers	2,914	Rural	4	3	5
6	Woodbranch	Montgomery	1,305	Rural	4	3	4
6	Woodloch	Montgomery	247	Rural	6	6	3
7	Anderson Mill	Williamson	8,953	Urban	5	5	4
7	Bartlett	Williamson	1,675	Rural	6	6	5
7	Barton Creek	Travis	1,589	Urban	6	6	3
7	Bastrop	Bastrop	5,340	Rural	4	4	5
7	Bear Creek	Hays	360	Rural	3	3	3
7	Bee Cave	Travis	656	Rural	4	4	3
7	Bertram	Burnet	1,122	Rural	5	4	5
7	Blanco	Blanco	1,505	Rural	5	5	6
7	Briarcliff	Travis	895	Rural	4	3	4
7	Brushy Creek	Williamson	15,371	Urban	4	4	3
7	Buchanan Dam	Llano	1,688	Rural	5	4	5
7	Buda	Hays	2,404	Urban	3	3	5
7	Burnet	Burnet	4,735	Rural	4	5	6
7	Camp Swift	Bastrop	4,731	Rural	3	3	6
7	Carmine	Fayette	228	Rural	6	6	6
7	Cedar Park	Williamson	26,049	Urban	3	5	4
7	Circle D-KC Estates	Bastrop	2,010	Rural	3	3	5
7	Cottonwood Shores	Burnet	877	Rural	6	5	5
7	Creedmoor	Travis	211	Rural	3	3	5
7	Dripping Springs	Hays	1,548	Rural	3	4	6
7	Elgin	Bastrop	5,700	Rural	4	4	5
7	Fayetteville	Fayette	261	Rural	4	3	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Flatonia	Fayette	1,377	Rural	5	5	3
7	Florence	Williamson	1,054	Rural	6	6	6
7	Garfield	Travis	1,660	Rural	4	3	6
7	Georgetown	Williamson	28,339	Urban	3	5	5
7	Giddings	Lee	5,105	Rural	3	4	3
7	Granger	Williamson	1,299	Rural	5	5	6
7	Granite Shoals	Burnet	2,040	Rural	5	5	6
7	Hays	Hays	233	Rural	3	3	4
7	Highland Haven	Burnet	450	Rural	6	6	3
7	Horseshoe Bay	Llano	3,337	Rural	4	4	4
7	Hudson Bend	Travis	2,369	Urban	5	5	4
7	Hutto	Williamson	1,250	Rural	5	3	5
7	Johnson City	Blanco	1,191	Rural	3	4	4
7	Jollyville	Williamson	15,813	Urban	5	5	3
7	Jonestown	Travis	1,681	Rural	6	6	5
7	Kingsland	Llano	4,584	Rural	3	6	5
7	Kyle	Hays	5,314	Rural	3	3	5
7	La Grange	Fayette	4,478	Rural	5	4	3
7	Lago Vista	Travis	4,507	Rural	6	6	5
7	Lakeway	Travis	8,002	Rural	4	4	4
7	Leander	Williamson	7,596	Urban	5	3	5
7	Lexington	Lee	1,178	Rural	5	4	3
7	Liberty Hill	Williamson	1,409	Rural	3	3	6
7	Llano	Llano	3,325	Rural	3	5	3
7	Lockhart	Caldwell	11,615	Rural	5	5	6
7	Lost Creek	Travis	4,729	Urban	4	3	3
7	Luling	Caldwell	5,080	Rural	4	4	4
7	Manor	Travis	1,204	Urban	4	3	4
7	Marble Falls	Burnet	4,959	Rural	4	6	5
7	Martindale	Caldwell	953	Rural	5	5	4
7	Meadowlakes	Burnet	1,293	Rural	6	6	3
7	Mountain City	Hays	671	Rural	6	6	4
7	Mustang Ridge	Caldwell	785	Rural	3	3	6
7	Niederwald	Hays	584	Rural	4	4	4
7	Onion Creek	Travis	2,116	Urban	3	3	3
7	Pflugerville	Travis	16,335	Urban	3	3	4
7	Rollingwood	Travis	1,403	Urban	6	6	3
7	Round Mountain	Blanco	111	Rural	3	3	3
7	Round Rock	Williamson	61,136	Urban	5	4	3
7	Round Top	Fayette	77	Rural	3	3	6
7	San Leanna	Travis	384	Urban	6	6	3
7	San Marcos	Hays	34,733	Urban	6	6	6
7	Schulenburg	Fayette	2,699	Rural	5	5	5
7	Serenada	Williamson	1,847	Urban	6	6	3
7	Shady Hollow	Travis	5,140	Urban	4	4	3
7	Smithville	Bastrop	3,901	Rural	5	5	6
7	Sunrise Beach Village	Llano	704	Rural	5	5	4
7	Sunset Valley	Travis	365	Urban	5	5	5
7	Taylor	Williamson	13,575	Rural	5	4	4
7	The Hills	Travis	1,492	Rural	3	3	3
7	Thrall	Williamson	710	Rural	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Uhland	Hays	386	Rural	6	6	5
7	Weir	Williamson	591	Rural	4	4	6
7	Wells Branch	Travis	11,271	Urban	5	5	4
7	West Lake Hills	Travis	3,116	Urban	3	3	3
7	Wimberley	Hays	3,797	Rural	5	4	6
7	Windemere	Travis	6,868	Urban	5	5	4
7	Woodcreek	Hays	1,274	Rural	5	5	5
7	Wyldwood	Bastrop	2,310	Rural	3	3	4
8	Abbott	Hill	300	Rural	5	5	5
8	Aquilla	Hill	136	Rural	6	6	3
8	Bellmead	McLennan	9,214	Urban	4	4	4
8	Belton	Bell	14,623	Urban	4	5	3
8	Beverly Hills	McLennan	2,113	Urban	5	5	5
8	Blum	Hill	399	Rural	6	6	3
8	Bruceville-Eddy	McLennan	1,490	Rural	5	5	4
8	Buckholts	Milam	387	Rural	6	6	3
8	Bynum	Hill	225	Rural	6	6	6
8	Cameron	Milam	5,634	Rural	3	4	5
8	Carl's Corner	Hill	134	Rural	6	6	6
8	Clifton	Bosque	3,542	Rural	3	4	5
8	Coolidge	Limestone	848	Rural	5	4	3
8	Copperas Cove	Coryell	29,592	Urban	4	4	4
8	Covington	Hill	282	Rural	4	3	4
8	Cranfills Gap	Bosque	335	Rural	4	4	5
8	Crawford	McLennan	705	Rural	4	3	4
8	Evant	Coryell	393	Rural	6	6	6
8	Fairfield	Freestone	3,094	Rural	4	4	6
8	Fort Hood	Bell	33,711	Urban	3	3	3
8	Gatesville	Coryell	15,591	Rural	3	5	3
8	Gholson	McLennan	922	Rural	3	3	4
8	Goldthwaite	Mills	1,802	Rural	3	5	5
8	Golinda	Falls	423	Rural	5	5	5
8	Groesbeck	Limestone	4,291	Rural	4	6	4
8	Hallsburg	McLennan	518	Rural	6	6	3
8	Hamilton	Hamilton	2,977	Rural	3	4	4
8	Harker Heights	Bell	17,308	Urban	4	4	3
8	Hewitt	McLennan	11,085	Urban	4	3	3
8	Hico	Hamilton	1,341	Rural	4	4	6
8	Hillsboro	Hill	8,232	Rural	5	6	4
8	Holland	Bell	1,102	Rural	3	4	4
8	Hubbard	Hill	1,586	Rural	3	4	5
8	Iredell	Bosque	360	Rural	4	4	5
8	Itasca	Hill	1,503	Rural	3	3	3
8	Jewett	Leon	861	Rural	6	6	6
8	Kempner	Lampasas	1,004	Rural	5	4	5
8	Kirvin	Freestone	122	Rural	3	3	4
8	Kosse	Limestone	497	Rural	6	6	6
8	Lacy-Lakeview	McLennan	5,764	Urban	5	5	5
8	Lampasas	Lampasas	6,786	Rural	4	4	5
8	Leroy	McLennan	335	Rural	3	3	5
8	Little River-Academy	Bell	1,645	Rural	6	6	3

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Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Lometa	Lampasas	782	Rural	4	4	3
8	Lorena	McLennan	1,433	Rural	3	3	3
8	Lott	Falls	724	Rural	5	4	3
8	Malone	Hill	278	Rural	3	3	6
8	Marlin	Falls	6,628	Rural	5	5	6
8	Marquez	Leon	220	Rural	4	4	6
8	Mart	McLennan	2,273	Rural	6	6	4
8	McGregor	McLennan	4,727	Urban	5	5	4
8	Meridian	Bosque	1,491	Rural	3	5	5
8	Mertens	Hill	146	Rural	6	6	6
8	Mexia	Limestone	6,563	Rural	6	6	5
8	Milano	Milam	400	Rural	4	3	6
8	Millican	Brazos	108	Rural	3	3	6
8	Moody	McLennan	1,400	Rural	6	6	5
8	Morgan	Bosque	485	Rural	3	3	6
8	Morgan's Point Resort	Bell	2,989	Rural	4	4	3
8	Mount Calm	Hill	310	Rural	4	4	3
8	Mullin	Mills	175	Rural	5	3	6
8	Nolanville	Bell	2,150	Rural	5	5	4
8	Normangee	Leon	719	Rural	3	3	6
8	Oglesby	Coryell	458	Rural	6	6	4
8	Penelope	Hill	211	Rural	6	6	5
8	Richland Springs	San Saba	350	Rural	3	3	3
8	Riesel	McLennan	973	Rural	6	6	3
8	Robinson	McLennan	7,845	Urban	4	3	3
8	Rockdale	Milam	5,439	Rural	5	5	3
8	Rogers	Bell	1,117	Rural	3	3	4
8	Rosebud	Falls	1,493	Rural	4	4	4
8	Ross	McLennan	228	Rural	3	3	6
8	Salado	Bell	3,475	Rural	4	3	3
8	San Saba	San Saba	2,637	Rural	4	4	3
8	South Mountain	Coryell	412	Rural	4	4	3
8	Streetman	Freestone	203	Rural	3	3	6
8	Teague	Freestone	4,557	Rural	3	4	5
8	Tehuacana	Limestone	307	Rural	4	3	3
8	Temple	Bell	54,514	Urban	4	5	3
8	Thorndale	Milam	1,278	Rural	5	5	4
8	Thornton	Limestone	525	Rural	5	5	5
8	Todd Mission	Grimes	146	Rural	3	3	6
8	Troy	Bell	1,378	Rural	6	4	3
8	Valley Mills	Bosque	1,123	Rural	3	3	5
8	Walnut Springs	Bosque	755	Rural	3	3	4
8	West	McLennan	2,692	Rural	4	4	3
8	Whitney	Hill	1,833	Rural	6	6	5
8	Wixon Valley	Brazos	235	Rural	6	6	4
8	Woodway	McLennan	8,733	Urban	3	3	3
8	Wortham	Freestone	1,082	Rural	6	6	4
9	Alamo Heights	Bexar	7,319	Urban	4	4	4
9	Bandera	Bandera	957	Rural	3	5	6
9	Bigfoot	Frio	304	Rural	3	3	4
9	Boerne	Kendall	6,178	Rural	3	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Bulverde	Comal	3,761	Rural	3	3	3
9	Canyon Lake	Comal	16,870	Rural	4	4	5
9	Castle Hills	Bexar	4,202	Urban	6	6	4
9	Castroville	Medina	2,664	Rural	5	4	4
9	Charlotte	Atascosa	1,637	Rural	4	3	5
9	Christine	Atascosa	436	Rural	3	3	5
9	Cibolo	Guadalupe	3,035	Rural	6	5	4
9	Comfort	Kendall	2,358	Rural	4	4	6
9	Cross Mountain	Bexar	1,524	Urban	3	3	3
9	Devine	Medina	4,140	Rural	5	5	5
9	Dilley	Frio	3,674	Rural	6	6	6
9	Fair Oaks Ranch	Bexar	4,695	Urban	5	4	3
9	Falls City	Karnes	591	Rural	4	3	3
9	Floresville	Wilson	5,868	Rural	3	5	5
9	Fredericksburg	Gillespie	8,911	Rural	3	5	5
9	Garden Ridge	Comal	1,882	Rural	6	6	3
9	Geronimo	Guadalupe	619	Rural	3	3	5
9	Harper	Gillespie	1,006	Rural	5	4	6
9	Hill Country Village	Bexar	1,028	Urban	3	3	3
9	Hilltop	Frio	300	Rural	3	3	5
9	Hollywood Park	Bexar	2,983	Urban	6	6	3
9	Hondo	Medina	7,897	Rural	3	5	4
9	Ingram	Kerr	1,740	Rural	6	5	6
9	Jourdanton	Atascosa	3,732	Rural	4	6	5
9	Karnes City	Karnes	3,457	Rural	5	4	5
9	Kenedy	Karnes	3,487	Rural	4	4	5
9	Kerrville	Kerr	20,425	Rural	5	6	5
9	Kingsbury	Guadalupe	652	Rural	3	3	4
9	La Vernia	Wilson	931	Rural	6	6	5
9	Lackland AFB	Bexar	7,123	Urban	3	3	6
9	LaCoste	Medina	1,255	Rural	5	4	4
9	Lakehills	Bandera	4,668	Rural	6	6	5
9	Lytle	Atascosa	2,383	Rural	3	4	6
9	Marion	Guadalupe	1,099	Rural	5	4	5
9	McQueeney	Guadalupe	2,527	Rural	4	4	5
9	Moore	Frio	644	Rural	4	3	3
9	Natalia	Medina	1,663	Rural	6	6	6
9	New Berlin	Guadalupe	467	Rural	3	3	4
9	New Braunfels	Comal	36,494	Urban	5	5	4
9	North Pearsall	Frio	561	Rural	4	4	5
9	Northcliff	Guadalupe	1,819	Rural	4	4	4
9	Olmos Park	Bexar	2,343	Urban	4	3	3
9	Pearsall	Frio	7,157	Rural	4	4	6
9	Pleasanton	Atascosa	8,266	Rural	6	6	5
9	Poteet	Atascosa	3,305	Rural	4	5	5
9	Poth	Wilson	1,850	Rural	5	4	4
9	Redwood	Guadalupe	3,586	Rural	5	5	6
9	Runge	Karnes	1,080	Rural	6	5	4
9	Santa Clara	Guadalupe	889	Rural	6	6	5
9	Scenic Oaks	Bexar	3,279	Urban	3	3	3
9	Schertz	Guadalupe	18,694	Urban	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Seguin	Guadalupe	22,011	Rural	4	5	5
9	Stockdale	Wilson	1,398	Rural	5	5	4
9	Stonewall	Gillespie	469	Rural	5	4	5
9	Terrell Hills	Bexar	5,019	Urban	4	4	3
9	West Pearsall	Frio	349	Rural	6	6	3
9	Windcrest	Bexar	5,105	Urban	6	6	3
9	Zuehl	Guadalupe	346	Rural	3	3	5
10	Agua Dulce (Nueces)	Nueces	737	Rural	5	4	4
10	Airport Road Addition	Brooks	132	Rural	3	3	4
10	Alfred-South La Paloma	Jim Wells	451	Rural	3	3	4
10	Alice	Jim Wells	19,010	Rural	4	4	4
10	Alice Acres	Jim Wells	491	Rural	3	3	3
10	Aransas Pass	San Patricio	8,138	Rural	4	5	6
10	Austwell	Refugio	192	Rural	6	6	6
10	Bayside	Refugio	360	Rural	6	6	5
10	Beeville	Bee	13,129	Rural	4	5	4
10	Benavides	Duval	1,686	Rural	5	5	3
10	Bishop	Nueces	3,305	Rural	5	5	4
10	Bloomington	Victoria	2,562	Rural	6	6	4
10	Blue Berry Hill	Bee	982	Rural	3	3	6
10	Cantu Addition	Brooks	217	Rural	3	3	6
10	Concepcion	Duval	61	Rural	3	3	3
10	Coyote Acres	Jim Wells	389	Rural	3	3	5
10	Cuero	DeWitt	6,571	Rural	6	6	4
10	Del Sol-Loma Linda	San Patricio	726	Rural	3	3	5
10	Doyle	San Patricio	285	Urban	3	3	3
10	Driscoll	Nueces	825	Rural	5	5	3
10	Edgewater-Paisano	San Patricio	182	Rural	6	6	3
10	Edna	Jackson	5,899	Rural	5	6	5
10	Edroy	San Patricio	420	Rural	3	3	6
10	Encino	Brooks	177	Rural	3	3	3
10	Falfurrias	Brooks	5,297	Rural	6	5	6
10	Falman-County Acres	San Patricio	289	Rural	6	6	3
10	Flowella	Brooks	134	Rural	3	3	6
10	Freer	Duval	3,241	Rural	4	4	4
10	Fulton	Aransas	1,553	Rural	5	4	6
10	Ganado	Jackson	1,915	Rural	4	4	4
10	George West	Live Oak	2,524	Rural	4	4	4
10	Goliad	Goliad	1,975	Rural	3	4	6
10	Gonzales	Gonzales	7,202	Rural	4	4	5
10	Gregory	San Patricio	2,318	Rural	4	4	3
10	Hallettsville	Lavaca	2,345	Rural	5	4	3
10	Inez	Victoria	1,787	Rural	4	4	3
10	Ingleside	San Patricio	9,388	Urban	4	6	4
10	Ingleside on the Bay	San Patricio	659	Urban	6	6	6
10	K-Bar Ranch	Jim Wells	350	Rural	6	6	3
10	Kingsville	Kleberg	25,575	Rural	5	6	5
10	La Paloma-Lost Creek	Nueces	323	Rural	6	6	4
10	La Ward	Jackson	200	Rural	5	5	6
10	Lake City	San Patricio	526	Rural	4	4	6
10	Lakeshore Gardens-Hidden A	San Patricio	720	Rural	3	3	3

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Lakeside (San Patricio)	San Patricio	333	Rural	3	3	4
10	Lolita	Jackson	548	Rural	3	3	3
10	Loma Linda East	Jim Wells	214	Rural	3	3	3
10	Mathis	San Patricio	5,034	Rural	6	6	4
10	Morgan Farm Area	San Patricio	484	Rural	6	6	3
10	Moulton	Lavaca	944	Rural	4	4	4
10	Nixon	Gonzales	2,186	Rural	4	5	6
10	Nordheim	DeWitt	323	Rural	4	4	6
10	Normanna	Bee	121	Rural	3	3	6
10	North San Pedro	Nueces	920	Rural	4	4	3
10	Odem	San Patricio	2,499	Rural	5	4	3
10	Orange Grove	Jim Wells	1,288	Rural	6	6	3
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	6	6	4
10	Pawnee	Bee	201	Rural	3	3	4
10	Pernitas Point	Live Oak	269	Rural	6	6	4
10	Petronila	Nueces	83	Rural	3	3	3
10	Pettus	Bee	608	Rural	4	4	4
10	Point Comfort	Calhoun	781	Rural	5	4	3
10	Port Aransas	Nueces	3,370	Urban	6	6	5
10	Port Lavaca	Calhoun	12,035	Rural	5	5	4
10	Portland	San Patricio	14,827	Urban	5	5	3
10	Premont	Jim Wells	2,772	Rural	5	5	6
10	Rancho Alegre	Jim Wells	1,775	Rural	5	5	5
10	Rancho Banquete	Nueces	469	Rural	3	3	6
10	Rancho Chico	San Patricio	309	Rural	6	6	3
10	Realitos	Duval	209	Rural	3	3	3
10	Refugio	Refugio	2,941	Rural	4	4	5
10	Robstown	Nueces	12,727	Rural	3	4	5
10	Rockport	Aransas	7,385	Rural	4	5	5
10	San Diego	Duval	4,753	Rural	5	4	5
10	San Patricio	San Patricio	318	Rural	6	6	4
10	Sandia	Jim Wells	431	Rural	3	3	4
10	Sandy Hollow-Escondidas	Nueces	433	Rural	4	4	4
10	Seadrift	Calhoun	1,352	Rural	5	5	4
10	Shiner	Lavaca	2,070	Rural	5	5	6
10	Sinton	San Patricio	5,676	Rural	5	5	4
10	Skidmore	Bee	1,013	Rural	5	5	4
10	Smiley	Gonzales	453	Rural	5	5	6
10	Spring Garden-Terra Verde	Nueces	693	Rural	3	3	5
10	St. Paul (San Patricio)	San Patricio	542	Rural	3	3	4
10	Taft	San Patricio	3,396	Rural	5	5	5
10	Taft Southwest	San Patricio	1,721	Rural	4	4	6
10	Three Rivers	Live Oak	1,878	Rural	5	4	4
10	Tierra Grande	Nueces	362	Rural	5	4	4
10	Tradewinds	San Patricio	163	Rural	3	3	6
10	Tuleta	Bee	292	Rural	3	3	6
10	Tulsita	Bee	20	Rural	3	3	3
10	Tynan	Bee	301	Rural	5	5	4
10	Vanderbilt	Jackson	411	Rural	3	3	3
10	Victoria	Victoria	60,603	Urban	5	5	4
10	Waelder	Gonzales	947	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Westdale	Jim Wells	295	Rural	3	3	6
10	Woodsboro	Refugio	1,685	Rural	5	5	4
10	Yoakum	Lavaca	5,731	Rural	6	6	3
10	Yorktown	DeWitt	2,271	Rural	5	4	4
11	Abram-Perezville	Hidalgo	5,444	Rural	6	6	4
11	Alto Bonito	Starr	569	Rural	3	3	3
11	Alton North	Hidalgo	5,051	Rural	5	5	4
11	Arroyo Alto	Cameron	320	Rural	3	3	6
11	Arroyo Colorado Estates	Cameron	755	Rural	6	6	3
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	3	3	3
11	Asherton	Dimmit	1,342	Rural	6	5	3
11	Batesville	Zavala	1,298	Rural	5	4	3
11	Bausell and Ellis	Willacy	112	Rural	3	3	3
11	Bayview	Cameron	323	Rural	6	6	6
11	Big Wells	Dimmit	704	Rural	5	5	3
11	Bixby	Cameron	356	Rural	3	3	6
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	5	5	3
11	Botines	Webb	132	Rural	6	6	3
11	Box Canyon-Amistad	Val Verde	76	Rural	3	3	6
11	Brackettville	Kinney	1,876	Rural	4	6	5
11	Brundage	Dimmit	31	Rural	3	3	6
11	Bruni	Webb	412	Rural	3	3	6
11	Cameron Park	Cameron	5,961	Urban	5	4	4
11	Camp Wood	Real	822	Rural	6	6	6
11	Carrizo Hill	Dimmit	548	Rural	6	6	6
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4
11	Catarina	Dimmit	135	Rural	3	3	4
11	Cesar Chavez	Hidalgo	1,469	Urban	5	5	6
11	Chula Vista-Orason	Cameron	394	Rural	6	6	5
11	Chula Vista-River Spur	Zavala	400	Rural	3	3	5
11	Cienegas Terrace	Val Verde	2,878	Rural	6	6	5
11	Citrus City	Hidalgo	941	Rural	3	3	5
11	Combes	Cameron	2,553	Urban	5	5	5
11	Cotulla	La Salle	3,614	Rural	3	5	4
11	Crystal City	Zavala	7,190	Rural	5	5	5
11	Cuevitas	Hidalgo	37	Rural	3	3	6
11	Del Mar Heights	Cameron	259	Rural	3	3	3
11	Del Rio	Val Verde	33,867	Rural	5	5	4
11	Doffing	Hidalgo	4,256	Rural	5	5	4
11	Doolittle	Hidalgo	2,358	Urban	4	4	3
11	Eagle Pass	Maverick	22,413	Rural	6	6	5
11	Edinburg	Hidalgo	48,465	Urban	5	5	5
11	Eidson Road	Maverick	9,348	Rural	4	4	5
11	El Camino Angosto	Cameron	254	Rural	3	3	3
11	El Cenizo	Webb	3,545	Rural	4	4	3
11	El Indio	Maverick	263	Rural	6	6	3
11	El Refugio	Starr	221	Rural	6	6	6
11	Elm Creek	Maverick	1,928	Rural	3	3	6
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	3	3	4
11	Encinal	La Salle	629	Rural	6	5	3
11	Escobares	Starr	1,954	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Falcon Heights	Starr	335	Rural	3	3	4
11	Falcon Lake Estates	Zapata	830	Rural	5	5	3
11	Falcon Mesa	Zapata	506	Rural	3	3	5
11	Falcon Village	Starr	78	Rural	6	6	6
11	Faysville	Hidalgo	348	Urban	6	6	3
11	Fowlerton	La Salle	62	Rural	3	3	3
11	Fronton	Starr	599	Rural	3	3	5
11	Garceno	Starr	1,438	Rural	6	6	6
11	Grand Acres	Cameron	203	Rural	3	3	4
11	Green Valley Farms	Cameron	720	Rural	3	3	4
11	Guerra	Jim Hogg	8	Rural	6	6	6
11	Havana	Hidalgo	452	Rural	5	5	6
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	5
11	Heidelberg	Hidalgo	1,586	Rural	6	6	6
11	Indian Hills	Hidalgo	2,036	Rural	4	4	6
11	Indian Lake	Cameron	541	Rural	6	6	5
11	Knippa	Uvalde	739	Rural	5	4	4
11	La Blanca	Hidalgo	2,351	Rural	6	6	3
11	La Casita-Garciasville	Starr	2,177	Rural	4	6	4
11	La Feria	Cameron	6,115	Rural	5	4	4
11	La Feria North	Cameron	168	Rural	6	6	3
11	La Grulla	Starr	1,211	Rural	4	4	4
11	La Homa	Hidalgo	10,433	Urban	5	5	5
11	La Paloma	Cameron	354	Rural	6	6	3
11	La Presa	Webb	508	Rural	3	3	3
11	La Pryor	Zavala	1,491	Rural	5	5	4
11	La Puerta	Starr	1,636	Rural	3	3	5
11	La Rosita	Starr	1,729	Rural	5	5	6
11	La Victoria	Starr	1,683	Rural	3	3	3
11	Lago	Cameron	246	Rural	6	6	3
11	Laguna Heights	Cameron	1,990	Rural	4	4	4
11	Laguna Seca	Hidalgo	251	Rural	3	3	6
11	Laguna Vista	Cameron	1,658	Rural	3	5	4
11	Lake View	Val Verde	167	Rural	3	3	5
11	Laredo Ranchettes	Webb	1,845	Rural	3	3	3
11	Larga Vista	Webb	742	Urban	6	6	6
11	Las Colonias	Zavala	283	Rural	6	6	6
11	Las Lomas	Starr	2,684	Rural	6	6	4
11	Las Lomitas	Jim Hogg	267	Rural	3	3	6
11	Las Palmas-Juarez	Cameron	1,666	Rural	4	4	5
11	Las Quintas Fronterizas	Maverick	2,030	Rural	4	4	3
11	Lasana	Cameron	135	Urban	3	3	3
11	Lasara	Willacy	1,024	Rural	4	4	5
11	Laughlin AFB	Val Verde	2,225	Rural	4	4	3
11	Laureles	Cameron	3,285	Rural	5	5	5
11	Leakey	Real	387	Rural	6	6	6
11	Llano Grande	Hidalgo	3,333	Urban	5	5	3
11	Lopeno	Zapata	140	Rural	3	3	6
11	Lopezville	Hidalgo	4,476	Urban	4	4	4
11	Los Alvarez	Starr	1,434	Rural	4	4	6
11	Los Angeles Subdivision	Willacy	86	Rural	6	6	3

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Los Ebanos	Hidalgo	403	Rural	5	5	5
11	Los Fresnos	Cameron	4,512	Rural	4	3	6
11	Los Indios	Cameron	1,149	Rural	3	3	4
11	Los Villareales	Starr	930	Rural	3	3	4
11	Lozano	Cameron	324	Rural	3	3	4
11	Lyford	Willacy	1,973	Rural	5	4	5
11	Lyford South	Willacy	172	Rural	6	6	4
11	Medina	Zapata	2,960	Rural	4	4	4
11	Midway North	Hidalgo	3,946	Urban	3	3	5
11	Midway South	Hidalgo	1,711	Urban	5	5	6
11	Mila Doce	Hidalgo	4,907	Rural	4	4	5
11	Mirando City	Webb	493	Rural	6	6	6
11	Mission	Hidalgo	45,408	Urban	4	5	5
11	Monte Alto	Hidalgo	1,611	Rural	5	5	4
11	Morales-Sanchez	Zapata	95	Rural	3	3	3
11	Muniz	Hidalgo	1,106	Rural	6	6	5
11	New Falcon	Zapata	184	Rural	3	3	3
11	North Alamo	Hidalgo	2,061	Urban	4	4	4
11	North Escobares	Starr	1,692	Rural	6	6	4
11	Nurillo	Hidalgo	5,056	Urban	5	5	6
11	Oilton	Webb	310	Rural	3	3	5
11	Olivarez	Hidalgo	2,445	Rural	5	5	3
11	Olmito	Cameron	1,198	Urban	5	5	4
11	Palm Valley	Cameron	1,298	Urban	4	4	3
11	Palmview South	Hidalgo	6,219	Urban	5	5	4
11	Pharr	Hidalgo	46,660	Urban	4	5	4
11	Port Isabel	Cameron	4,865	Rural	5	4	5
11	Port Mansfield	Willacy	415	Rural	5	4	5
11	Primera	Cameron	2,723	Urban	5	4	5
11	Quemado	Maverick	243	Rural	3	3	3
11	Radar Base	Maverick	162	Rural	3	3	6
11	Ranchette Estates	Willacy	133	Rural	3	3	3
11	Ranchitos Las Lomas	Webb	334	Rural	3	3	4
11	Rancho Viejo	Cameron	1,754	Urban	5	5	3
11	Ranchos Penitas West	Webb	520	Urban	3	3	4
11	Rangerville	Cameron	203	Rural	3	3	6
11	Ratamosa	Cameron	218	Rural	3	3	3
11	Raymondville	Willacy	9,733	Rural	4	5	6
11	Reid Hope King	Cameron	802	Urban	6	6	3
11	Relampago	Hidalgo	104	Rural	3	3	6
11	Rio Bravo	Webb	5,553	Urban	4	3	4
11	Rio Grande City	Starr	11,923	Rural	5	4	4
11	Rio Hondo	Cameron	1,942	Rural	5	3	5
11	Rocksprings	Edwards	1,285	Rural	5	4	5
11	Roma	Starr	9,617	Rural	6	6	5
11	Roma Creek	Starr	610	Rural	3	3	3
11	Rosita North	Maverick	3,400	Rural	4	4	5
11	Rosita South	Maverick	2,574	Rural	5	5	3
11	Sabinal	Uvalde	1,586	Rural	6	6	5
11	Salineno	Starr	304	Rural	3	3	5
11	San Benito	Cameron	23,444	Urban	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	San Carlos	Hidalgo	2,650	Rural	6	6	6
11	San Ignacio	Zapata	853	Rural	3	3	6
11	San Isidro	Starr	270	Rural	5	5	4
11	San Manuel-Linn	Hidalgo	958	Rural	3	3	3
11	San Pedro	Cameron	668	Rural	3	3	3
11	San Perlita	Willacy	680	Rural	6	6	6
11	Santa Cruz	Starr	630	Rural	6	6	5
11	Santa Maria	Cameron	846	Rural	4	4	3
11	Santa Monica	Willacy	78	Rural	3	3	6
11	Santa Rosa	Cameron	2,833	Rural	3	5	4
11	Scissors	Hidalgo	2,805	Rural	3	3	4
11	Sebastian	Willacy	1,864	Rural	3	3	6
11	Siesta Shores	Zapata	890	Rural	3	3	5
11	Solis	Cameron	545	Rural	6	6	3
11	South Alamo	Hidalgo	3,101	Rural	5	5	4
11	South Fork Estates	Jim Hogg	47	Rural	3	3	3
11	South Padre Island	Cameron	2,422	Rural	6	6	4
11	South Point	Cameron	1,118	Rural	6	6	4
11	Spofford	Kinney	75	Rural	3	3	3
11	Tierra Bonita	Cameron	160	Rural	3	3	4
11	Utopia	Uvalde	241	Rural	5	5	6
11	Uvalde	Uvalde	14,929	Rural	5	5	4
11	Uvalde Estates	Uvalde	1,972	Rural	5	5	5
11	Val Verde Park	Val Verde	1,945	Rural	5	4	4
11	Villa del Sol	Cameron	132	Rural	3	3	5
11	Villa Pancho	Cameron	386	Urban	6	6	6
11	Villa Verde	Hidalgo	891	Urban	3	3	5
11	West Sharyland	Hidalgo	2,947	Rural	4	4	3
11	Willamar	Willacy	15	Rural	3	3	3
11	Yznaga	Cameron	103	Rural	3	3	6
11	Zapata	Zapata	4,856	Rural	3	6	4
11	Zapata Ranch	Willacy	88	Rural	3	3	5
12	Ackerly	Dawson	245	Rural	4	4	6
12	Andrews	Andrews	9,652	Rural	5	4	4
12	Balmorhea	Reeves	527	Rural	4	3	4
12	Barstow	Ward	406	Rural	6	6	5
12	Big Lake	Reagan	2,885	Rural	5	5	4
12	Big Spring	Howard	25,233	Rural	5	6	4
12	Brady	McCulloch	5,523	Rural	4	6	5
12	Bronte	Coke	1,076	Rural	6	6	5
12	Christoval	Tom Green	422	Rural	6	6	6
12	Coahoma	Howard	932	Rural	4	4	3
12	Coyanosa	Pecos	138	Rural	3	3	3
12	Crane	Crane	3,191	Rural	6	6	4
12	Eden	Concho	2,561	Rural	6	6	5
12	Eldorado	Schleicher	1,951	Rural	3	3	6
12	Forsan	Howard	226	Rural	4	4	6
12	Fort Stockton	Pecos	7,846	Rural	3	4	5
12	Gardendale	Ector	1,197	Rural	3	3	3
12	Goldsmith	Ector	253	Rural	4	4	3
12	Grandfalls	Ward	391	Rural	4	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Grape Creek	Tom Green	3,138	Rural	5	5	5
12	Imperial	Pecos	428	Rural	3	3	4
12	Iraan	Pecos	1,238	Rural	3	3	3
12	Junction	Kimble	2,618	Rural	5	5	5
12	Kermit	Winkler	5,714	Rural	4	4	3
12	Lamesa	Dawson	9,952	Rural	5	5	4
12	Lindsay (Reeves)	Reeves	394	Rural	3	3	6
12	Los Ybanez	Dawson	32	Rural	3	3	3
12	Mason	Mason	2,134	Rural	6	5	5
12	McCamey	Upton	1,805	Rural	4	4	4
12	Melvin	McCulloch	155	Rural	6	6	6
12	Menard	Menard	1,653	Rural	5	5	6
12	Mertzon	Irion	839	Rural	3	3	5
12	Midland	Midland	94,996	Urban	5	5	4
12	Monahans	Ward	6,821	Rural	6	6	3
12	Ozona	Crockett	3,436	Rural	3	4	4
12	Paint Rock	Concho	320	Rural	6	6	5
12	Pecos	Reeves	9,501	Rural	3	4	5
12	Pyote	Ward	131	Rural	3	3	6
12	Rankin	Upton	800	Rural	4	3	5
12	Robert Lee	Coke	1,171	Rural	6	6	5
12	Sanderson	Terrell	861	Rural	6	5	5
12	Seagraves	Gaines	2,334	Rural	5	5	3
12	Seminole	Gaines	5,910	Rural	4	4	5
12	Sonora	Sutton	2,924	Rural	3	4	4
12	Stanton	Martin	2,556	Rural	5	5	3
12	Sterling City	Sterling	1,081	Rural	4	4	5
12	Thorntonville	Ward	442	Rural	3	3	4
12	Toyah	Reeves	100	Rural	3	3	3
12	West Odessa	Ector	17,799	Urban	5	5	5
12	Wickett	Ward	455	Rural	6	6	3
12	Wink	Winkler	919	Rural	4	4	3
13	Agua Dulce (El Paso)	El Paso	738	Rural	3	3	6
13	Alpine	Brewster	5,786	Rural	6	6	3
13	Anthony	El Paso	3,850	Urban	3	6	4
13	Butterfield	El Paso	61	Rural	3	3	3
13	Canutillo	El Paso	5,129	Urban	4	4	4
13	Clint	El Paso	980	Rural	3	6	4
13	Dell City	Hudspeth	413	Rural	6	6	5
13	Fabens	El Paso	8,043	Rural	6	6	3
13	Fort Bliss	El Paso	8,264	Urban	4	3	3
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	6
13	Fort Hancock	Hudspeth	1,713	Rural	5	4	5
13	Homestead Meadows North	El Paso	4,232	Rural	5	5	6
13	Homestead Meadows South	El Paso	6,807	Rural	6	6	5
13	Horizon City	El Paso	5,233	Rural	3	3	4
13	Marathon	Brewster	455	Rural	4	3	5
13	Marfa	Presidio	2,121	Rural	4	5	5
13	Morning Glory	El Paso	627	Rural	3	3	3
13	Prado Verde	El Paso	200	Urban	3	3	6
13	Presidio	Presidio	4,167	Rural	5	5	4

DRAFT 2010 HOME AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
13	Redford	Presidio	132	Rural	3	3	6
13	San Elizario	El Paso	11,046	Urban	3	3	5
13	Sierra Blanca	Hudspeth	533	Rural	4	3	6
13	Socorro	El Paso	27,152	Urban	5	3	6
13	Sparks	El Paso	2,974	Rural	5	5	5
13	Study Butte-Terlingua	Brewster	267	Rural	4	4	3
13	Tornillo	El Paso	1,609	Rural	6	3	4
13	Valentine	Jeff Davis	187	Rural	5	5	3
13	Van Horn	Culberson	2,435	Rural	6	6	3
13	Vinton	El Paso	1,892	Rural	6	6	5
13	Westway	El Paso	3,829	Urban	6	6	5

Draft 2010 HOME Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to 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	6	6	4
1	Bailey	3	3	4
1	Briscoe	6	6	4
1	Carson	4	4	4
1	Castro	4	4	4
1	Childress	4	5	3
1	Cochran	4	3	4
1	Collingsworth	4	4	4
1	Crosby	5	5	4
1	Dallam	6	6	4
1	Deaf Smith	3	4	4
1	Dickens	4	4	5
1	Donley	6	6	4
1	Floyd	4	4	3
1	Garza	6	6	6
1	Gray	4	4	5
1	Hale	4	4	4
1	Hall	5	5	4
1	Hansford	4	4	5
1	Hartley	6	6	4
1	Hemphill	5	5	4
1	Hockley	4	4	5
1	Hutchinson	4	4	4
1	Lamb	5	5	4
1	Lipscomb	4	4	5
1	Lubbock	4	4	4
1	Lynn	4	3	4
1	Moore	4	4	3
1	Motley	4	4	3
1	Ochiltree	3	4	3
1	Oldham	6	6	6
1	Parmer	5	5	3

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Potter	3	3	6
1	Randall	5	5	4
1	Roberts	6	6	4
1	Sherman	4	4	4
1	Swisher	4	4	4
1	Terry	4	4	5
1	Wheeler	4	4	4
1	Yoakum	4	4	4
2	Archer	3	3	4
2	Baylor	4	4	3
2	Brown	5	5	5
2	Callahan	4	5	4
2	Clay	6	6	4
2	Coleman	4	4	5
2	Comanche	6	6	5
2	Cottle	4	4	3
2	Eastland	4	4	4
2	Fisher	4	4	3
2	Foard	5	5	5
2	Hardeman	6	6	3
2	Haskell	4	4	5
2	Jack	5	5	6
2	Jones	4	4	5
2	Kent	3	3	4
2	Knox	3	3	5
2	Mitchell	5	5	5
2	Montague	4	4	5
2	Nolan	4	4	4
2	Runnels	5	5	4
2	Scurry	4	4	5
2	Shackelford	4	4	4
2	Stephens	5	4	3
2	Stonewall	4	4	5
2	Taylor	4	4	3
2	Throckmorton	4	4	4
2	Wichita	5	5	4
2	Wilbarger	3	4	4
2	Young	4	4	4
3	Collin	5	4	4
3	Cooke	4	4	4
3	Dallas	4	4	4
3	Denton	4	4	4
3	Ellis	4	5	5
3	Erath	5	5	5
3	Fannin	4	5	4
3	Grayson	4	4	5
3	Hood	4	4	4
3	Hunt	5	4	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Johnson	4	4	5
3	Kaufman	5	5	5
3	Navarro	4	4	5
3	Palo Pinto	5	5	4
3	Parker	5	5	4
3	Rockwall	4	4	4
3	Somervell	4	4	5
3	Tarrant	4	4	4
3	Wise	5	5	5
4	Anderson	4	5	5
4	Bowie	5	4	4
4	Camp	3	4	5
4	Cass	4	4	4
4	Cherokee	4	4	5
4	Delta	6	5	6
4	Franklin	3	5	5
4	Gregg	4	4	4
4	Harrison	4	4	5
4	Henderson	4	5	4
4	Hopkins	4	4	4
4	Lamar	4	4	4
4	Marion	6	6	5
4	Morris	6	6	4
4	Panola	4	4	4
4	Rains	6	6	4
4	Red River	5	4	4
4	Rusk	4	4	4
4	Smith	4	4	4
4	Titus	5	5	5
4	Upshur	4	4	5
4	Van Zandt	5	4	4
4	Wood	5	5	5
5	Angelina	4	5	4
5	Hardin	4	4	3
5	Houston	5	5	5
5	Jasper	3	4	5
5	Jefferson	4	4	4
5	Nacogdoches	5	5	4
5	Newton	5	4	3
5	Orange	5	5	5
5	Polk	5	4	5
5	Sabine	4	4	4
5	San Augustine	6	5	4
5	San Jacinto	4	4	5
5	Shelby	4	4	5
5	Trinity	5	5	6
5	Tyler	5	4	5
6	Austin	4	4	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Brazoria	4	5	5
6	Chambers	5	4	4
6	Colorado	5	4	4
6	Fort Bend	4	4	4
6	Galveston	5	5	5
6	Harris	4	4	4
6	Liberty	4	4	5
6	Matagorda	3	4	4
6	Montgomery	5	4	4
6	Walker	6	6	5
6	Waller	4	5	5
6	Wharton	4	4	4
7	Bastrop	4	4	5
7	Blanco	4	4	4
7	Burnet	5	5	5
7	Caldwell	4	4	5
7	Fayette	5	4	5
7	Hays	4	4	5
7	Lee	4	4	3
7	Llano	4	5	4
7	Travis	4	4	4
7	Williamson	5	4	4
8	Bell	4	4	3
8	Bosque	3	4	5
8	Brazos	4	4	5
8	Coryell	5	5	4
8	Falls	5	4	4
8	Freestone	4	4	5
8	Grimes	3	3	6
8	Hamilton	4	4	5
8	Hill	5	5	5
8	Lampasas	4	4	4
8	Leon	4	4	6
8	Limestone	5	5	4
8	McLennan	4	4	4
8	Milam	5	5	4
8	Mills	4	4	6
8	San Saba	4	4	3
9	Atascosa	4	4	5
9	Bandera	4	6	6
9	Bexar	4	4	3
9	Comal	4	4	4
9	Frio	4	4	5
9	Gillespie	4	4	5
9	Guadalupe	4	4	5
9	Karnes	5	4	4
9	Kendall	4	5	6
9	Kerr	6	6	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Medina	5	5	5
9	Wilson	5	5	4
10	Aransas	4	4	6
10	Bee	4	4	5
10	Brooks	4	3	5
10	Calhoun	5	5	4
10	DeWitt	5	5	5
10	Duval	4	4	4
10	Goliad	3	4	6
10	Gonzales	4	4	5
10	Jackson	4	4	4
10	Jim Wells	4	4	4
10	Kleberg	5	6	5
10	Lavaca	5	5	4
10	Live Oak	5	5	4
10	Nueces	4	4	4
10	Refugio	5	5	5
10	San Patricio	4	5	4
10	Victoria	5	5	4
11	Cameron	4	4	4
11	Dimmit	5	5	4
11	Edwards	5	4	5
11	Hidalgo	4	5	5
11	Jim Hogg	4	4	5
11	Kinney	4	4	4
11	La Salle	4	4	3
11	Maverick	4	4	4
11	Real	6	6	6
11	Starr	4	4	5
11	Uvalde	5	5	5
11	Val Verde	4	4	4
11	Webb	4	4	4
11	Willacy	4	4	5
11	Zapata	3	4	4
11	Zavala	5	5	5
12	Andrews	5	4	4
12	Coke	6	6	5
12	Concho	6	6	5
12	Crane	6	6	4
12	Crockett	3	4	4
12	Dawson	4	4	4
12	Ector	4	4	4
12	Gaines	4	4	4
12	Howard	4	5	4
12	Irion	3	3	5
12	Kimble	5	5	5
12	Martin	5	5	3
12	Mason	6	5	5

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Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	McCulloch	5	6	6
12	Menard	5	5	6
12	Midland	5	5	4
12	Pecos	3	3	4
12	Reagan	5	5	4
12	Reeves	3	3	4
12	Schleicher	3	3	6
12	Sterling	4	4	5
12	Sutton	3	4	4
12	Terrell	6	5	5
12	Tom Green	6	6	6
12	Upton	4	4	4
12	Ward	5	5	4
12	Winkler	4	4	3
13	Brewster	5	4	4
13	Culberson	6	6	3
13	El Paso	4	4	4
13	Hudspeth	5	4	5
13	Jeff Davis	4	4	4
13	Presidio	4	4	5

Draft 2010 HTF Affordable Housing Need Scores (AHNS)
Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sharaon Gamble via facsimile at (512) 475-4798 or by email at sharon.gamble@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	5	5	4
1	Adrian	Oldham	159	Rural	6	6	6
1	Amarillo	Potter	173,627	Urban	5	6	4
1	Amherst	Lamb	791	Rural	5	5	3
1	Anton	Hockley	1,200	Rural	3	3	5
1	Bishop Hills	Potter	210	Rural	3	3	6
1	Booker	Lipscomb	1,315	Rural	5	5	3
1	Borger	Hutchinson	14,302	Rural	4	5	3
1	Bovina	Parmer	1,874	Rural	4	3	3
1	Brownfield	Terry	9,488	Rural	6	6	4
1	Buffalo Springs	Lubbock	493	Rural	4	4	4
1	Cactus	Moore	2,538	Rural	3	3	4
1	Canadian	Hemphill	2,233	Rural	5	5	4
1	Canyon	Randall	12,875	Rural	6	6	3
1	Channing	Hartley	356	Rural	6	6	4
1	Childress	Childress	6,778	Rural	4	5	3
1	Clarendon	Donley	1,974	Rural	5	5	3
1	Claude	Armstrong	1,313	Rural	6	6	4
1	Crosbyton	Crosby	1,874	Rural	5	5	3
1	Dalhart	Dallam	7,237	Rural	6	6	4
1	Darrouzett	Lipscomb	303	Rural	6	6	6
1	Denver City	Yoakum	3,985	Rural	4	4	6
1	Dickens	Dickens	332	Rural	6	6	6
1	Dimmitt	Castro	4,375	Rural	5	4	5
1	Dodson	Collingsworth	115	Rural	6	6	6
1	Dumas	Moore	13,747	Rural	4	4	3
1	Earth	Lamb	1,109	Rural	4	4	5
1	Edmonson	Hale	123	Rural	3	3	5
1	Estelline	Hall	168	Rural	5	5	6
1	Farwell	Parmer	1,364	Rural	6	6	4
1	Floydada	Floyd	3,676	Rural	5	5	3
1	Follett	Lipscomb	412	Rural	3	3	6
1	Friona	Parmer	3,854	Rural	5	5	3
1	Fritch	Hutchinson	2,235	Rural	5	5	4
1	Groom	Carson	587	Rural	6	6	6
1	Gruver	Hansford	1,162	Rural	5	5	4
1	Hale Center	Hale	2,263	Rural	5	5	3
1	Happy	Swisher	647	Rural	4	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hart	Castro	1,198	Rural	4	4	4
1	Hartley	Hartley	441	Rural	5	5	5
1	Hedley	Donley	379	Rural	6	6	6
1	Hereford	Deaf Smith	14,597	Rural	3	4	4
1	Higgins	Lipscomb	425	Rural	3	3	6
1	Howardwick	Donley	437	Rural	6	6	4
1	Idalou	Lubbock	2,157	Rural	3	3	3
1	Kress	Swisher	826	Rural	5	5	3
1	Lake Tanglewood	Randall	825	Rural	6	6	3
1	Lakeview	Hall	152	Rural	6	6	4
1	Lefors	Gray	559	Rural	3	3	5
1	Levelland	Hockley	12,866	Rural	5	6	5
1	Lipscomb	Lipscomb	44	Rural	3	3	3
1	Littlefield	Lamb	6,507	Rural	6	6	4
1	Lockney	Floyd	2,056	Rural	4	3	3
1	Lorenzo	Crosby	1,372	Rural	4	4	4
1	Lubbock	Lubbock	199,564	Urban	6	6	4
1	Matador	Motley	740	Rural	4	4	3
1	McLean	Gray	830	Rural	5	5	6
1	Meadow	Terry	658	Rural	3	3	4
1	Memphis	Hall	2,479	Rural	5	5	3
1	Miami	Roberts	588	Rural	6	6	4
1	Mobeetie	Wheeler	107	Rural	3	3	3
1	Morse	Hansford	172	Rural	4	4	6
1	Morton	Cochran	2,249	Rural	4	3	3
1	Muleshoe	Bailey	4,530	Rural	3	3	4
1	Nazareth	Castro	356	Rural	4	4	4
1	New Deal	Lubbock	708	Rural	5	5	3
1	New Home	Lynn	320	Rural	4	4	3
1	O'Donnell	Lynn	1,011	Rural	3	3	3
1	Olton	Lamb	2,288	Rural	4	4	4
1	Opdyke West	Hockley	188	Rural	5	5	6
1	Palisades	Randall	352	Rural	4	4	5
1	Pampa	Gray	17,887	Rural	4	5	4
1	Panhandle	Carson	2,589	Rural	4	4	3
1	Perryton	Ochiltree	7,774	Rural	3	4	3
1	Petersburg	Hale	1,262	Rural	3	3	3
1	Plains	Yoakum	1,450	Rural	5	5	3
1	Plainview	Hale	22,336	Rural	5	5	4
1	Post	Garza	3,708	Rural	6	6	6
1	Quail	Collingsworth	33	Rural	3	3	3
1	Quitaque	Briscoe	432	Rural	6	6	5
1	Ralls	Crosby	2,252	Rural	5	5	6
1	Ransom Canyon	Lubbock	1,011	Rural	4	4	3
1	Reese Center	Lubbock	42	Urban	3	3	6
1	Roaring Springs	Motley	265	Rural	3	3	3
1	Ropesville	Hockley	517	Rural	3	3	3
1	Samnorwood	Collingsworth	39	Rural	3	3	3
1	Sanford	Hutchinson	203	Rural	4	4	4
1	Seth Ward	Hale	1,926	Rural	5	5	6
1	Shallowater	Lubbock	2,086	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Shamrock	Wheeler	2,029	Rural	5	5	6
1	Silverton	Briscoe	771	Rural	5	5	3
1	Skellytown	Carson	610	Rural	3	3	6
1	Slaton	Lubbock	6,109	Rural	5	5	6
1	Smyer	Hockley	480	Rural	4	4	6
1	Spade	Lamb	100	Rural	5	5	3
1	Spearman	Hansford	3,021	Rural	3	3	4
1	Springlake	Lamb	135	Rural	6	6	3
1	Spur	Dickens	1,088	Rural	3	3	4
1	Stinnett	Hutchinson	1,936	Rural	5	5	4
1	Stratford	Sherman	1,991	Rural	3	3	3
1	Sudan	Lamb	1,039	Rural	5	4	3
1	Sundown	Hockley	1,505	Rural	4	4	4
1	Sunray	Moore	1,950	Rural	4	4	3
1	Tahoka	Lynn	2,910	Rural	4	3	6
1	Texhoma	Sherman	371	Rural	6	6	6
1	Texline	Dallam	511	Rural	5	5	5
1	Timbercreek Canyon	Randall	406	Rural	3	3	3
1	Tulia	Swisher	5,117	Rural	4	4	4
1	Turkey	Hall	494	Rural	3	3	5
1	Vega	Oldham	936	Rural	6	5	5
1	Wellington	Collingsworth	2,275	Rural	4	4	5
1	Wellman	Terry	203	Rural	4	3	6
1	Wheeler	Wheeler	1,378	Rural	4	4	3
1	White Deer	Carson	1,060	Rural	5	5	3
1	Whiteface	Cochran	465	Rural	3	3	6
1	Wilson	Lynn	532	Rural	3	3	4
1	Wolfforth	Lubbock	2,554	Rural	5	5	6
2	Abilene	Taylor	115,930	Urban	5	5	3
2	Albany	Shackelford	1,921	Rural	5	4	3
2	Anson	Jones	2,556	Rural	3	3	5
2	Archer City	Archer	1,848	Rural	4	4	3
2	Aspermont	Stonewall	1,021	Rural	4	4	5
2	Baird	Callahan	1,623	Rural	3	5	4
2	Ballinger	Runnels	4,243	Rural	6	6	6
2	Bangs	Brown	1,620	Rural	5	4	6
2	Bellevue	Clay	386	Rural	4	4	5
2	Benjamin	Knox	264	Rural	3	3	6
2	Blackwell	Nolan	360	Rural	4	4	3
2	Blanket	Brown	402	Rural	6	6	5
2	Bowie	Montague	5,219	Rural	5	6	5
2	Breckenridge	Stephens	5,868	Rural	5	4	3
2	Brownwood	Brown	18,813	Rural	4	6	4
2	Bryson	Jack	528	Rural	5	5	6
2	Buffalo Gap	Taylor	463	Rural	4	4	3
2	Burkburnett	Wichita	10,927	Rural	5	5	3
2	Byers	Clay	517	Rural	6	6	5
2	Carbon	Eastland	224	Rural	3	3	3
2	Chillicothe	Hardeman	798	Rural	6	6	3
2	Cisco	Eastland	3,851	Rural	6	6	4
2	Clyde	Callahan	3,345	Rural	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Coleman	Coleman	5,127	Rural	5	5	6
2	Colorado City	Mitchell	4,281	Rural	6	5	6
2	Comanche	Comanche	4,482	Rural	6	6	4
2	Cross Plains	Callahan	1,068	Rural	3	5	5
2	Crowell	Foard	1,141	Rural	5	5	5
2	De Leon	Comanche	2,433	Rural	5	5	5
2	Dean	Clay	341	Rural	6	6	4
2	Early	Brown	2,588	Rural	5	4	4
2	Eastland	Eastland	3,769	Rural	3	6	6
2	Elbert	Throckmorton	56	Rural	6	6	3
2	Electra	Wichita	3,168	Rural	5	5	5
2	Girard	Kent	62	Rural	3	3	6
2	Goree	Knox	321	Rural	3	3	6
2	Gorman	Eastland	1,236	Rural	3	3	3
2	Graham	Young	8,716	Rural	4	4	4
2	Gustine	Comanche	457	Rural	6	6	6
2	Hamlin	Jones	2,248	Rural	4	4	6
2	Haskell	Haskell	3,106	Rural	5	5	6
2	Hawley	Jones	646	Rural	6	6	3
2	Henrietta	Clay	3,264	Rural	5	5	4
2	Hermleigh	Scurry	393	Rural	5	5	6
2	Holliday	Archer	1,632	Rural	3	3	5
2	Impact	Taylor	39	Urban	3	3	3
2	Iowa Park	Wichita	6,431	Rural	5	5	3
2	Jacksboro	Jack	4,533	Rural	5	5	5
2	Jayton	Kent	513	Rural	3	3	3
2	Jolly	Clay	188	Rural	6	6	6
2	Knox City	Knox	1,219	Rural	4	4	6
2	Lake Brownwood	Brown	1,694	Rural	6	6	6
2	Lakeside City	Archer	984	Urban	4	4	3
2	Lawn	Taylor	353	Rural	3	3	4
2	Loraine	Mitchell	656	Rural	5	5	3
2	Lueders	Jones	300	Rural	5	4	6
2	Megargel	Archer	248	Rural	3	3	3
2	Merkel	Taylor	2,637	Rural	5	5	3
2	Miles	Runnels	850	Rural	5	5	3
2	Moran	Shackelford	233	Rural	4	3	5
2	Munday	Knox	1,527	Rural	3	3	3
2	Newcastle	Young	575	Rural	5	5	4
2	Nocona	Montague	3,198	Rural	4	3	3
2	Novice	Coleman	142	Rural	3	3	3
2	O'Brien	Haskell	132	Rural	3	3	6
2	Olney	Young	3,396	Rural	4	4	5
2	Paducah	Cottle	1,498	Rural	4	4	3
2	Petrolia	Clay	782	Rural	6	6	3
2	Pleasant Valley	Wichita	408	Urban	6	6	5
2	Potosi	Taylor	1,664	Urban	6	6	3
2	Putnam	Callahan	88	Rural	6	6	3
2	Quanah	Hardeman	3,022	Rural	6	6	3
2	Ranger	Eastland	2,584	Rural	4	3	6
2	Rising Star	Eastland	835	Rural	4	4	5

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	5	5	3
2	Rochester	Haskell	378	Rural	4	4	5
2	Roscoe	Nolan	1,378	Rural	4	3	4
2	Rotan	Fisher	1,611	Rural	4	4	3
2	Rule	Haskell	698	Rural	4	4	5
2	Santa Anna	Coleman	1,081	Rural	3	4	5
2	Scotland	Archer	438	Rural	3	3	5
2	Seymour	Baylor	2,908	Rural	4	4	3
2	Snyder	Scurry	10,783	Rural	4	4	4
2	St. Jo	Montague	977	Rural	3	3	5
2	Stamford	Jones	3,636	Rural	4	4	4
2	Sunset	Montague	339	Rural	3	3	6
2	Sweetwater	Nolan	11,415	Rural	5	5	4
2	Throckmorton	Throckmorton	905	Rural	4	3	3
2	Trent	Taylor	318	Rural	5	5	3
2	Tuscola	Taylor	714	Rural	3	3	3
2	Tye	Taylor	1,158	Urban	6	6	4
2	Vernon	Wilbarger	11,660	Rural	3	4	4
2	Weinert	Haskell	177	Rural	6	6	4
2	Westbrook	Mitchell	203	Rural	5	5	5
2	Wichita Falls	Wichita	104,197	Urban	4	5	3
2	Windthorst	Archer	440	Rural	3	3	6
2	Winters	Runnels	2,880	Rural	3	3	4
2	Woodson	Throckmorton	296	Rural	3	3	5
3	Addison	Dallas	14,166	Urban	4	4	3
3	Aledo	Parker	1,726	Rural	5	4	5
3	Allen	Collin	43,554	Urban	5	5	3
3	Alma	Ellis	302	Rural	6	6	6
3	Alvarado	Johnson	3,288	Rural	4	3	5
3	Alvord	Wise	1,007	Rural	5	5	3
3	Angus	Navarro	334	Rural	5	5	5
3	Anna	Collin	1,225	Rural	6	5	3
3	Annetta	Parker	1,108	Rural	6	6	3
3	Annetta North	Parker	467	Rural	6	6	3
3	Annetta South	Parker	555	Rural	6	6	3
3	Argyle	Denton	2,365	Urban	4	4	3
3	Arlington	Tarrant	332,969	Urban	5	5	3
3	Aubrey	Denton	1,500	Rural	6	4	5
3	Aurora	Wise	853	Rural	6	6	6
3	Azle	Tarrant	9,600	Urban	4	4	5
3	Bailey	Fannin	213	Rural	6	6	3
3	Balch Springs	Dallas	19,375	Urban	3	5	6
3	Bardwell	Ellis	583	Rural	3	3	6
3	Barry	Navarro	209	Rural	6	6	4
3	Bartonville	Denton	1,093	Rural	3	3	3
3	Bedford	Tarrant	47,152	Urban	5	5	3
3	Bells	Grayson	1,190	Rural	5	5	5
3	Benbrook	Tarrant	20,208	Urban	5	5	4
3	Blooming Grove	Navarro	833	Rural	4	4	5
3	Blue Mound	Tarrant	2,388	Urban	4	4	4
3	Blue Ridge	Collin	672	Rural	5	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Bonham	Fannin	9,990	Rural	6	5	5
3	Boyd	Wise	1,099	Rural	4	4	5
3	Briar	Tarrant	5,350	Rural	3	3	5
3	Briaroaks	Johnson	493	Rural	3	3	4
3	Bridgeport	Wise	4,309	Rural	4	5	5
3	Burleson	Johnson	20,976	Urban	4	4	3
3	Caddo Mills	Hunt	1,149	Rural	5	5	5
3	Callisburg	Cooke	365	Rural	4	4	6
3	Campbell	Hunt	734	Rural	5	4	6
3	Carrollton	Denton	109,576	Urban	4	4	3
3	Cedar Hill	Dallas	32,093	Urban	5	5	4
3	Celeste	Hunt	817	Rural	4	3	5
3	Celina	Collin	1,861	Urban	4	3	4
3	Chico	Wise	947	Rural	5	5	5
3	Cleburne	Johnson	26,005	Urban	3	5	5
3	Cockrell Hill	Dallas	4,443	Urban	3	3	4
3	Colleyville	Tarrant	19,636	Urban	4	4	3
3	Collinsville	Grayson	1,235	Rural	3	3	4
3	Combine	Kaufman	1,788	Rural	4	4	4
3	Commerce	Hunt	7,669	Rural	6	6	3
3	Cool	Parker	162	Rural	6	6	6
3	Coppell	Dallas	35,958	Urban	4	4	3
3	Copper Canyon	Denton	1,216	Urban	6	6	3
3	Corinth	Denton	11,325	Urban	3	4	3
3	Corral City	Denton	89	Rural	3	3	6
3	Corsicana	Navarro	24,485	Rural	5	5	5
3	Cottonwood	Kaufman	181	Rural	3	3	5
3	Crandall	Kaufman	2,774	Rural	4	4	4
3	Cross Roads	Denton	603	Rural	3	3	6
3	Cross Timber	Johnson	277	Rural	6	6	4
3	Crowley	Tarrant	7,467	Urban	4	5	4
3	Dallas	Dallas	1,188,580	Urban	4	5	5
3	Dalworthington Gardens	Tarrant	2,186	Urban	3	3	3
3	Dawson	Navarro	852	Rural	3	3	4
3	Decatur	Wise	5,201	Rural	3	4	5
3	Denison	Grayson	22,773	Urban	4	5	5
3	Denton	Denton	80,537	Urban	6	6	5
3	DeSoto	Dallas	37,646	Urban	4	6	4
3	Dodd City	Fannin	419	Rural	6	6	5
3	Dorchester	Grayson	109	Urban	3	3	6
3	Double Oak	Denton	2,179	Urban	4	6	3
3	Dublin	Erath	3,754	Rural	4	4	5
3	Duncanville	Dallas	36,081	Urban	5	5	5
3	Eagle Mountain	Tarrant	6,599	Urban	4	4	4
3	Ector	Fannin	600	Rural	5	5	3
3	Edgecliff Village	Tarrant	2,550	Urban	6	5	4
3	Emhouse	Navarro	159	Rural	3	3	3
3	Ennis	Ellis	16,045	Rural	3	4	5
3	Euless	Tarrant	46,005	Urban	4	4	3
3	Eureka	Navarro	340	Rural	3	3	5
3	Everman	Tarrant	5,836	Urban	5	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Fairview	Collin	2,644	Urban	6	6	3
3	Farmers Branch	Dallas	27,508	Urban	3	3	4
3	Farmersville	Collin	3,118	Rural	4	3	3
3	Fate	Rockwall	497	Rural	6	6	4
3	Ferris	Ellis	2,175	Rural	4	4	3
3	Flower Mound	Denton	50,702	Urban	4	4	3
3	Forest Hill	Tarrant	12,949	Urban	3	5	6
3	Forney	Kaufman	5,588	Rural	5	5	5
3	Fort Worth	Tarrant	534,694	Urban	4	5	5
3	Frisco	Collin	33,714	Urban	5	5	3
3	Frost	Navarro	648	Rural	5	5	6
3	Gainesville	Cooke	15,538	Rural	4	5	4
3	Garland	Dallas	215,768	Urban	4	4	4
3	Garrett	Ellis	448	Rural	6	6	6
3	Glen Rose	Somervell	2,122	Rural	4	4	5
3	Glenn Heights	Dallas	7,224	Urban	5	5	5
3	Godley	Johnson	879	Rural	6	6	3
3	Goodlow	Navarro	264	Rural	3	3	6
3	Gordon	Palo Pinto	451	Rural	6	6	4
3	Graford	Palo Pinto	578	Rural	4	4	4
3	Granbury	Hood	5,718	Rural	5	6	4
3	Grand Prairie	Dallas	127,427	Urban	4	5	4
3	Grandview	Johnson	1,358	Rural	5	5	5
3	Grapevine	Tarrant	42,059	Urban	4	4	3
3	Grays Prairie	Kaufman	296	Rural	6	6	3
3	Greenville	Hunt	23,960	Rural	4	5	5
3	Gunter	Grayson	1,230	Rural	5	4	3
3	Hackberry	Denton	544	Urban	6	6	6
3	Haltom City	Tarrant	39,018	Urban	5	4	5
3	Haslet	Tarrant	1,134	Urban	4	4	3
3	Hawk Cove	Hunt	457	Rural	3	3	5
3	Heath	Rockwall	4,149	Urban	3	3	3
3	Hebron	Denton	874	Urban	3	3	3
3	Hickory Creek	Denton	2,078	Urban	4	4	3
3	Highland Park	Dallas	8,842	Urban	3	3	3
3	Highland Village	Denton	12,173	Urban	5	5	3
3	Honey Grove	Fannin	1,746	Rural	3	5	4
3	Howe	Grayson	2,478	Urban	5	5	6
3	Hudson Oaks	Parker	1,637	Rural	6	6	3
3	Hurst	Tarrant	36,273	Urban	5	5	3
3	Hutchins	Dallas	2,805	Urban	5	5	5
3	Irving	Dallas	191,615	Urban	4	4	3
3	Italy	Ellis	1,993	Rural	4	4	4
3	Josephine	Collin	594	Rural	6	6	3
3	Joshua	Johnson	4,528	Urban	4	4	4
3	Justin	Denton	1,891	Rural	5	4	4
3	Kaufman	Kaufman	6,490	Rural	3	4	6
3	Keene	Johnson	5,003	Rural	5	5	6
3	Keller	Tarrant	27,345	Urban	3	5	3
3	Kemp	Kaufman	1,133	Rural	6	6	5
3	Kennedale	Tarrant	5,850	Urban	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Kerens	Navarro	1,681	Rural	5	5	5
3	Knollwood	Grayson	375	Urban	6	6	6
3	Krugerville	Denton	903	Rural	6	6	5
3	Krum	Denton	1,979	Rural	3	3	4
3	Ladonia	Fannin	667	Rural	3	3	5
3	Lake Bridgeport	Wise	372	Rural	3	3	4
3	Lake Dallas	Denton	6,166	Rural	5	4	5
3	Lake Kiowa	Cooke	1,883	Rural	3	3	3
3	Lake Worth	Tarrant	4,618	Urban	5	4	5
3	Lakeside (Tarrant)	Tarrant	1,040	Urban	5	5	3
3	Lakewood Village	Denton	342	Rural	6	6	5
3	Lancaster	Dallas	25,894	Urban	3	4	6
3	Lavon	Collin	387	Rural	3	3	5
3	Leonard	Fannin	1,846	Rural	5	5	4
3	Lewisville	Denton	77,737	Urban	5	5	3
3	Lincoln Park	Denton	517	Rural	4	4	6
3	Lindsay (Cooke)	Cooke	788	Rural	4	4	3
3	Lipan	Hood	425	Rural	3	3	5
3	Little Elm	Denton	3,646	Urban	3	4	5
3	Lone Oak	Hunt	521	Rural	3	3	4
3	Lowry Crossing	Collin	1,229	Urban	6	6	3
3	Lucas	Collin	2,890	Urban	6	6	3
3	Mabank	Kaufman	2,151	Rural	3	6	5
3	Mansfield	Tarrant	28,031	Urban	3	3	3
3	Marshall Creek	Denton	431	Rural	6	6	6
3	Maypearl	Ellis	746	Rural	5	4	5
3	McKinney	Collin	54,369	Urban	4	5	3
3	McLendon-Chisholm	Rockwall	914	Rural	6	6	3
3	Melissa	Collin	1,350	Urban	5	5	4
3	Mesquite	Dallas	124,523	Urban	4	5	4
3	Midlothian	Ellis	7,480	Urban	4	4	4
3	Mildred	Navarro	405	Rural	5	5	5
3	Milford	Ellis	685	Rural	3	3	6
3	Millsap	Parker	353	Rural	4	4	4
3	Mineral Wells	Palo Pinto	16,946	Rural	5	5	5
3	Mingus	Palo Pinto	246	Rural	6	6	3
3	Mobile City	Rockwall	196	Rural	4	4	6
3	Muenster	Cooke	1,556	Rural	5	5	5
3	Murphy	Collin	3,099	Urban	6	5	3
3	Mustang	Navarro	47	Rural	3	3	6
3	Navarro	Navarro	191	Rural	3	3	3
3	Nevada	Collin	563	Rural	4	4	3
3	New Fairview	Wise	877	Rural	4	4	6
3	New Hope	Collin	662	Rural	3	3	3
3	Newark	Wise	887	Rural	5	5	5
3	Neylandville	Hunt	56	Rural	3	3	6
3	North Richland Hills	Tarrant	55,635	Urban	5	5	3
3	Northlake	Denton	921	Urban	5	4	6
3	Oak Grove	Kaufman	710	Rural	6	6	3
3	Oak Leaf	Ellis	1,209	Rural	6	6	3
3	Oak Point	Denton	1,747	Rural	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Oak Ridge (Cooke)	Cooke	224	Rural	5	5	5
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	6	6	6
3	Oak Trail Shores	Hood	2,475	Rural	3	3	6
3	Oak Valley	Navarro	401	Rural	5	5	5
3	Ovilla	Ellis	3,405	Urban	6	6	4
3	Palmer	Ellis	1,774	Rural	3	3	6
3	Pantego	Tarrant	2,318	Urban	3	3	3
3	Paradise	Wise	459	Rural	6	6	6
3	Parker	Collin	1,379	Urban	3	3	3
3	Pecan Acres	Wise	2,289	Rural	6	6	4
3	Pecan Hill	Ellis	672	Rural	5	5	4
3	Pecan Plantation	Hood	3,544	Rural	4	4	3
3	Pelican Bay	Tarrant	1,505	Rural	5	5	6
3	Pilot Point	Denton	3,538	Rural	4	4	5
3	Plano	Collin	222,030	Urban	4	4	3
3	Ponder	Denton	507	Rural	4	3	3
3	Post Oak Bend City	Kaufman	404	Rural	3	3	5
3	Pottsboro	Grayson	1,579	Rural	4	4	3
3	Powell	Navarro	105	Rural	3	3	6
3	Princeton	Collin	3,477	Urban	5	4	5
3	Prosper	Collin	2,097	Urban	4	4	4
3	Quinlan	Hunt	1,370	Rural	6	6	4
3	Ravenna	Fannin	215	Rural	3	3	6
3	Red Oak	Ellis	4,301	Urban	5	5	5
3	Rendon	Tarrant	9,022	Urban	3	3	5
3	Reno (Parker)	Parker	2,441	Rural	5	5	5
3	Retreat	Navarro	339	Rural	4	4	6
3	Rhome	Wise	551	Rural	5	3	6
3	Rice	Navarro	798	Rural	5	5	4
3	Richardson	Dallas	91,802	Urban	4	4	3
3	Richland	Navarro	291	Rural	6	6	6
3	Richland Hills	Tarrant	8,132	Urban	5	5	4
3	Rio Vista	Johnson	656	Rural	4	4	6
3	River Oaks	Tarrant	6,985	Urban	5	5	5
3	Roanoke	Denton	2,810	Urban	5	4	5
3	Rockwall	Rockwall	17,976	Urban	3	4	4
3	Rosser	Kaufman	379	Rural	6	6	4
3	Rowlett	Dallas	44,503	Urban	5	4	3
3	Royse City	Rockwall	2,957	Rural	4	4	6
3	Runaway Bay	Wise	1,104	Rural	5	5	5
3	Sachse	Dallas	9,751	Urban	3	3	4
3	Sadler	Grayson	404	Rural	6	6	5
3	Saginaw	Tarrant	12,374	Urban	5	4	3
3	Sanctuary	Parker	256	Rural	6	6	5
3	Sanger	Denton	4,534	Rural	3	4	5
3	Sansom Park	Tarrant	4,181	Urban	5	5	6
3	Savoy	Fannin	850	Rural	5	5	3
3	Seagoville	Dallas	10,823	Urban	3	4	6
3	Shady Shores	Denton	1,461	Urban	3	3	5
3	Sherman	Grayson	35,082	Urban	5	5	5
3	Southlake	Tarrant	21,519	Urban	4	4	3

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3	Southmayd	Grayson	992	Rural	4	4	4
3	Springtown	Parker	2,062	Rural	3	5	5
3	St. Paul (Collin)	Collin	630	Rural	3	3	3
3	Stephenville	Erath	14,921	Rural	6	6	5
3	Strawn	Palo Pinto	739	Rural	5	4	6
3	Sunnyvale	Dallas	2,693	Urban	3	3	5
3	Talty	Kaufman	1,028	Rural	3	3	3
3	Terrell	Kaufman	13,606	Rural	5	6	5
3	The Colony	Denton	26,531	Urban	3	4	3
3	Tioga	Grayson	754	Rural	3	3	4
3	Tolar	Hood	504	Rural	4	4	3
3	Tom Bean	Grayson	941	Rural	3	3	5
3	Trenton	Fannin	662	Rural	4	4	3
3	Trophy Club	Denton	6,350	Rural	4	4	3
3	University Park	Dallas	23,324	Urban	4	4	3
3	Valley View	Cooke	737	Rural	4	4	3
3	Van Alstyne	Grayson	2,502	Rural	3	3	3
3	Venus	Johnson	910	Rural	3	3	4
3	Watauga	Tarrant	21,908	Urban	4	4	4
3	Waxahachie	Ellis	21,426	Rural	3	5	5
3	Weatherford	Parker	19,000	Rural	4	5	4
3	West Tawakoni	Hunt	1,462	Rural	6	5	5
3	Westlake	Tarrant	207	Urban	3	3	6
3	Westminster	Collin	390	Rural	3	3	5
3	Weston	Collin	635	Urban	5	5	3
3	Westover Hills	Tarrant	658	Urban	3	3	3
3	Westworth Village	Tarrant	2,124	Urban	4	4	4
3	White Settlement	Tarrant	14,831	Urban	4	5	5
3	Whitesboro	Grayson	3,760	Rural	5	5	4
3	Whitewright	Grayson	1,740	Rural	6	6	5
3	Willow Park	Parker	2,849	Rural	3	3	3
3	Wilmer	Dallas	3,393	Rural	4	4	6
3	Windom	Fannin	245	Rural	3	3	5
3	Wolfe City	Hunt	1,566	Rural	5	5	4
3	Wylie	Collin	15,132	Rural	3	4	5
4	Alba	Wood	430	Rural	6	6	6
4	Alto	Cherokee	1,190	Rural	4	4	4
4	Annona	Red River	282	Rural	6	6	6
4	Arp	Smith	901	Rural	3	3	4
4	Athens	Henderson	11,297	Rural	4	5	4
4	Atlanta	Cass	5,745	Rural	4	4	5
4	Avery	Red River	462	Rural	5	5	3
4	Avinger	Cass	464	Rural	6	6	4
4	Beckville	Panola	752	Rural	5	5	4
4	Berryville	Henderson	891	Rural	5	4	6
4	Big Sandy	Upshur	1,288	Rural	3	3	6
4	Bloomburg	Cass	375	Rural	3	3	5
4	Blossom	Lamar	1,439	Rural	4	4	3
4	Bogata	Red River	1,396	Rural	3	3	4
4	Brownsboro	Henderson	796	Rural	6	6	5
4	Bullard	Smith	1,150	Rural	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Caney City	Henderson	236	Rural	6	6	6
4	Canton	Van Zandt	3,292	Rural	4	4	4
4	Carthage	Panola	6,664	Rural	5	5	4
4	Chandler	Henderson	2,099	Rural	3	4	3
4	Clarksville	Red River	3,883	Rural	5	4	3
4	Clarksville City	Gregg	806	Rural	4	4	5
4	Coffee City	Henderson	193	Rural	3	3	6
4	Como	Hopkins	621	Rural	4	4	5
4	Cooper	Delta	2,150	Rural	6	5	5
4	Cumby	Hopkins	616	Rural	5	5	4
4	Cuney	Cherokee	145	Rural	5	5	6
4	Daingerfield	Morris	2,517	Rural	6	6	3
4	De Kalb	Bowie	1,769	Rural	6	5	4
4	Deport	Lamar	718	Rural	4	4	3
4	Detroit	Red River	776	Rural	4	4	3
4	Domino	Cass	52	Rural	3	3	3
4	Douglassville	Cass	175	Rural	3	3	3
4	East Mountain	Upshur	580	Rural	4	4	4
4	East Tawakoni	Rains	775	Rural	6	6	3
4	Easton	Gregg	524	Rural	3	3	5
4	Edgewood	Van Zandt	1,348	Rural	5	5	5
4	Edom	Van Zandt	322	Rural	6	6	5
4	Elkhart	Anderson	1,215	Rural	5	5	5
4	Emory	Rains	1,021	Rural	6	5	3
4	Enchanted Oaks	Henderson	357	Rural	6	6	4
4	Eustace	Henderson	798	Rural	3	3	3
4	Frankston	Anderson	1,209	Rural	4	4	4
4	Fruitvale	Van Zandt	418	Rural	4	4	3
4	Gallatin	Cherokee	378	Rural	4	4	5
4	Gary City	Panola	303	Rural	3	3	3
4	Gilmer	Upshur	4,799	Rural	6	6	4
4	Gladewater	Gregg	6,078	Rural	5	6	4
4	Grand Saline	Van Zandt	3,028	Rural	3	3	4
4	Gun Barrel City	Henderson	5,145	Rural	5	5	5
4	Hallsville	Harrison	2,772	Rural	3	3	3
4	Hawkins	Wood	1,331	Rural	6	5	5
4	Henderson	Rusk	11,273	Rural	3	3	3
4	Hooks	Bowie	2,973	Rural	4	4	4
4	Hughes Springs	Cass	1,856	Rural	4	3	3
4	Jacksonville	Cherokee	13,868	Rural	4	5	4
4	Jefferson	Marion	2,024	Rural	6	6	5
4	Kilgore	Gregg	11,301	Rural	3	4	4
4	Lakeport	Gregg	861	Rural	4	4	5
4	Leary	Bowie	555	Rural	3	3	5
4	Liberty City	Gregg	1,935	Rural	4	3	3
4	Lindale	Smith	2,954	Rural	5	4	4
4	Linden	Cass	2,256	Rural	4	4	3
4	Log Cabin	Henderson	733	Rural	6	6	3
4	Lone Star	Morris	1,631	Rural	4	5	3
4	Longview	Gregg	73,344	Urban	5	5	3
4	Malakoff	Henderson	2,257	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Marietta	Cass	112	Rural	3	3	6
4	Marshall	Harrison	23,935	Rural	4	4	4
4	Maud	Bowie	1,028	Rural	6	6	3
4	Miller's Cove	Titus	120	Rural	6	6	6
4	Mineola	Wood	4,550	Rural	5	5	3
4	Moore Station	Henderson	184	Rural	6	6	5
4	Mount Enterprise	Rusk	525	Rural	3	3	5
4	Mount Pleasant	Titus	13,935	Rural	4	4	4
4	Mount Vernon	Franklin	2,286	Rural	3	5	5
4	Murchison	Henderson	592	Rural	3	3	4
4	Naples	Morris	1,410	Rural	6	6	5
4	Nash	Bowie	2,169	Urban	5	3	4
4	Nesbitt	Harrison	302	Rural	3	3	6
4	New Boston	Bowie	4,808	Rural	6	6	4
4	New Chapel Hill	Smith	553	Rural	3	3	6
4	New London	Rusk	987	Rural	5	5	5
4	New Summerfield	Cherokee	998	Rural	4	3	3
4	Noonday	Smith	515	Rural	5	4	3
4	Omaha	Morris	999	Rural	6	6	3
4	Ore City	Upshur	1,106	Rural	6	6	5
4	Overton	Rusk	2,350	Rural	6	6	5
4	Palestine	Anderson	17,598	Rural	4	5	5
4	Paris	Lamar	25,898	Rural	5	5	4
4	Payne Springs	Henderson	683	Rural	3	3	3
4	Pecan Gap	Delta	214	Rural	5	5	6
4	Pittsburg	Camp	4,347	Rural	3	4	4
4	Point	Rains	792	Rural	6	6	6
4	Poynor	Henderson	314	Rural	6	6	4
4	Queen City	Cass	1,613	Rural	6	5	4
4	Quitman	Wood	2,030	Rural	4	4	5
4	Red Lick	Bowie	853	Rural	6	6	3
4	Redwater	Bowie	872	Rural	4	4	6
4	Reklaw	Cherokee	327	Rural	3	3	6
4	Reno (Lamar)	Lamar	2,767	Rural	3	3	3
4	Rocky Mound	Camp	93	Rural	3	3	6
4	Roxton	Lamar	694	Rural	5	5	5
4	Rusk	Cherokee	5,085	Rural	5	5	3
4	Scottsville	Harrison	263	Rural	4	4	6
4	Seven Points	Henderson	1,145	Rural	3	6	6
4	Star Harbor	Henderson	416	Rural	3	3	3
4	Sulphur Springs	Hopkins	14,551	Rural	5	5	4
4	Sun Valley	Lamar	51	Rural	3	3	6
4	Talco	Titus	570	Rural	5	5	6
4	Tatum	Rusk	1,175	Rural	5	5	4
4	Texarkana	Bowie	34,782	Urban	4	5	3
4	Tira	Hopkins	248	Rural	3	3	5
4	Toco	Lamar	89	Rural	6	6	6
4	Tool	Henderson	2,275	Rural	3	3	4
4	Trinidad	Henderson	1,091	Rural	5	5	3
4	Troup	Smith	1,949	Rural	5	4	5
4	Tyler	Smith	83,650	Urban	4	5	4

DRAFT 2010 HTF AHNS - Place

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Uncertain	Harrison	150	Rural	5	5	6
4	Union Grove	Upshur	346	Rural	3	3	6
4	Van	Van Zandt	2,362	Rural	6	5	4
4	Wake Village	Bowie	5,129	Urban	4	3	3
4	Warren City	Gregg	343	Rural	6	6	5
4	Waskom	Harrison	2,068	Rural	4	4	4
4	Wells	Cherokee	769	Rural	5	5	6
4	White Oak	Gregg	5,624	Urban	5	5	4
4	Whitehouse	Smith	5,346	Rural	3	4	3
4	Wills Point	Van Zandt	3,496	Rural	4	4	5
4	Winfield	Titus	499	Rural	4	4	5
4	Winnsboro	Wood	3,584	Rural	5	5	4
4	Winona	Smith	582	Rural	3	3	4
4	Yantis	Wood	321	Rural	3	3	6
5	Appleby	Nacogdoches	444	Rural	5	5	4
5	Beaumont	Jefferson	113,866	Urban	4	5	4
5	Bevil Oaks	Jefferson	1,346	Rural	3	3	4
5	Bridge City	Orange	8,651	Rural	5	5	4
5	Broaddus	San Augustine	189	Rural	6	6	6
5	Browndell	Jasper	219	Rural	3	3	6
5	Buna	Jasper	2,269	Rural	3	3	5
5	Burke	Angelina	315	Rural	6	6	5
5	Center	Shelby	5,678	Rural	4	5	4
5	Central Gardens	Jefferson	4,106	Rural	3	3	3
5	Chester	Tyler	265	Rural	4	3	6
5	China	Jefferson	1,112	Rural	4	4	3
5	Chireno	Nacogdoches	405	Rural	4	4	4
5	Coldspring	San Jacinto	691	Rural	5	4	5
5	Colmesneil	Tyler	638	Rural	5	5	5
5	Corrigan	Polk	1,721	Rural	6	6	4
5	Crockett	Houston	7,141	Rural	4	4	6
5	Cushing	Nacogdoches	637	Rural	4	4	3
5	Deweyville	Newton	1,190	Rural	5	4	3
5	Diboll	Angelina	5,470	Rural	3	3	4
5	Evadale	Jasper	1,430	Rural	3	3	5
5	Garrison	Nacogdoches	844	Rural	4	4	3
5	Goodrich	Polk	243	Rural	3	3	6
5	Grapeland	Houston	1,451	Rural	6	6	6
5	Groves	Jefferson	15,733	Urban	4	4	3
5	Groveton	Trinity	1,107	Rural	5	5	6
5	Hemphill	Sabine	1,106	Rural	3	4	5
5	Hudson	Angelina	3,792	Rural	4	4	4
5	Huntington	Angelina	2,068	Rural	3	5	4
5	Huxley	Shelby	298	Rural	3	3	3
5	Jasper	Jasper	8,247	Rural	3	5	6
5	Joaquin	Shelby	925	Rural	3	4	6
5	Kennard	Houston	317	Rural	6	6	6
5	Kirbyville	Jasper	2,085	Rural	5	5	4
5	Kountze	Hardin	2,115	Rural	5	5	6
5	Latexo	Houston	272	Rural	3	3	6
5	Livingston	Polk	5,433	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Lovelady	Houston	608	Rural	6	6	3
5	Lufkin	Angelina	32,709	Rural	5	6	4
5	Lumberton	Hardin	8,731	Rural	3	3	4
5	Mauriceville	Orange	2,743	Rural	4	4	4
5	Milam	Sabine	1,329	Rural	3	3	3
5	Nacogdoches	Nacogdoches	29,914	Rural	6	6	4
5	Nederland	Jefferson	17,422	Urban	4	4	3
5	Newton	Newton	2,459	Rural	6	6	3
5	Nome	Jefferson	515	Rural	5	4	5
5	Oakhurst	San Jacinto	230	Rural	4	3	5
5	Onalaska	Polk	1,174	Rural	6	6	5
5	Orange	Orange	18,643	Rural	4	5	4
5	Pine Forest	Orange	632	Rural	6	6	4
5	Pinehurst (Orange)	Orange	2,274	Rural	3	3	3
5	Pineland	Sabine	980	Rural	6	6	4
5	Pinewood Estates	Hardin	1,633	Rural	3	3	3
5	Point Blank	San Jacinto	559	Rural	5	4	6
5	Port Arthur	Jefferson	57,755	Urban	3	4	4
5	Port Neches	Jefferson	13,601	Urban	4	3	3
5	Rose City	Orange	519	Rural	5	5	6
5	Rose Hill Acres	Hardin	480	Urban	6	6	3
5	San Augustine	San Augustine	2,475	Rural	5	4	3
5	Seven Oaks	Polk	131	Rural	3	3	4
5	Shepherd	San Jacinto	2,029	Rural	4	3	5
5	Silsbee	Hardin	6,393	Rural	3	4	4
5	Sour Lake	Hardin	1,667	Rural	3	5	4
5	South Toledo Bend	Newton	576	Rural	3	3	4
5	Tenaha	Shelby	1,046	Rural	5	4	5
5	Timpson	Shelby	1,094	Rural	6	6	6
5	Trinity	Trinity	2,721	Rural	5	5	5
5	Vidor	Orange	11,440	Rural	3	4	4
5	West Livingston	Polk	6,612	Rural	5	4	6
5	West Orange	Orange	4,111	Rural	4	4	4
5	Woodville	Tyler	2,415	Rural	5	6	4
5	Zavalla	Angelina	647	Rural	6	6	3
6	Aldine	Harris	13,979	Urban	3	3	6
6	Alvin	Brazoria	21,413	Urban	4	5	5
6	Ames	Liberty	1,079	Rural	4	4	6
6	Anahuac	Chambers	2,210	Rural	5	5	5
6	Angleton	Brazoria	18,130	Rural	3	5	4
6	Arcola	Fort Bend	1,048	Rural	5	5	5
6	Atascocita	Harris	35,757	Urban	4	4	4
6	Bacliff	Galveston	6,962	Urban	6	6	6
6	Bailey's Prairie	Brazoria	694	Rural	3	3	5
6	Barrett	Harris	2,872	Rural	6	6	6
6	Bay City	Matagorda	18,667	Rural	4	4	3
6	Bayou Vista	Galveston	1,644	Rural	4	4	5
6	Baytown	Harris	66,430	Urban	3	4	5
6	Beach City	Chambers	1,645	Urban	4	4	4
6	Beasley	Fort Bend	590	Rural	4	4	6
6	Bellaire	Harris	15,642	Urban	4	3	3

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Bellville	Austin	3,794	Rural	3	3	4
6	Blessing	Matagorda	861	Rural	3	3	6
6	Boling-Iago	Wharton	1,271	Rural	3	3	4
6	Bolivar Peninsula	Galveston	3,853	Rural	6	6	5
6	Bonney	Brazoria	384	Rural	3	3	3
6	Brazoria	Brazoria	2,787	Rural	5	5	5
6	Brookshire	Waller	3,450	Rural	4	6	6
6	Brookside Village	Brazoria	1,960	Urban	4	4	4
6	Bunker Hill Village	Harris	3,654	Urban	6	6	4
6	Channelview	Harris	29,685	Urban	5	5	5
6	Cinco Ranch	Fort Bend	11,196	Urban	5	5	3
6	Clear Lake Shores	Galveston	1,205	Urban	4	4	4
6	Cleveland	Liberty	7,605	Rural	6	6	6
6	Cloverleaf	Harris	23,508	Urban	5	5	4
6	Clute	Brazoria	10,424	Urban	3	4	4
6	Columbus	Colorado	3,916	Rural	4	3	3
6	Conroe	Montgomery	36,811	Urban	4	5	5
6	Cove	Chambers	323	Rural	6	6	3
6	Crosby	Harris	1,714	Rural	4	4	6
6	Cumings	Fort Bend	683	Rural	3	3	3
6	Cut and Shoot	Montgomery	1,158	Urban	6	6	5
6	Daisetta	Liberty	1,034	Rural	5	5	5
6	Damon	Brazoria	535	Rural	6	6	6
6	Danbury	Brazoria	1,611	Rural	5	5	4
6	Dayton	Liberty	5,709	Rural	5	5	5
6	Dayton Lakes	Liberty	101	Rural	3	3	3
6	Deer Park	Harris	28,520	Urban	4	4	4
6	Devers	Liberty	416	Rural	6	6	6
6	Dickinson	Galveston	17,093	Urban	5	5	4
6	Eagle Lake	Colorado	3,664	Rural	5	4	5
6	East Bernard	Wharton	1,729	Rural	4	4	5
6	El Campo	Wharton	10,945	Rural	4	5	4
6	El Lago	Harris	3,075	Urban	4	4	3
6	Fairchilds	Fort Bend	678	Rural	4	3	4
6	Fifth Street	Fort Bend	2,059	Urban	4	4	6
6	Four Corners	Fort Bend	2,954	Urban	5	5	5
6	Freeport	Brazoria	12,708	Urban	5	6	5
6	Fresno	Fort Bend	6,603	Urban	5	5	4
6	Friendswood	Galveston	29,037	Urban	4	5	4
6	Fulshear	Fort Bend	716	Rural	6	6	6
6	Galena Park	Harris	10,592	Urban	4	4	6
6	Galveston	Galveston	57,247	Urban	6	6	6
6	Greatwood	Fort Bend	6,640	Urban	5	5	3
6	Hardin	Liberty	755	Rural	3	3	5
6	Hedwig Village	Harris	2,334	Urban	5	4	3
6	Hempstead	Waller	4,691	Rural	3	5	6
6	Highlands	Harris	7,089	Urban	4	4	5
6	Hillcrest	Brazoria	722	Rural	6	6	4
6	Hilshire Village	Harris	720	Urban	6	6	3
6	Hitchcock	Galveston	6,386	Rural	3	5	6
6	Holiday Lakes	Brazoria	1,095	Rural	6	6	3

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Houston	Harris	1,953,631	Urban	4	5	5
6	Humble	Harris	14,579	Urban	3	5	5
6	Hungerford	Wharton	645	Rural	3	3	5
6	Hunters Creek Village	Harris	4,374	Urban	3	3	3
6	Huntsville	Walker	35,078	Rural	6	6	4
6	Industry	Austin	304	Rural	3	3	6
6	Iowa Colony	Brazoria	804	Urban	5	5	5
6	Jacinto City	Harris	10,302	Urban	3	4	3
6	Jamaica Beach	Galveston	1,075	Urban	6	6	5
6	Jersey Village	Harris	6,880	Urban	3	4	3
6	Jones Creek	Brazoria	2,130	Rural	4	4	4
6	Katy	Harris	11,775	Urban	3	3	5
6	Kemah	Galveston	2,330	Urban	6	6	5
6	Kendleton	Fort Bend	466	Rural	4	4	6
6	Kenefick	Liberty	667	Rural	4	4	6
6	La Marque	Galveston	13,682	Urban	4	5	6
6	La Porte	Harris	31,880	Urban	3	4	4
6	Lake Jackson	Brazoria	26,386	Urban	4	5	3
6	League City	Galveston	45,444	Urban	3	4	4
6	Liberty	Liberty	8,033	Rural	4	5	6
6	Liverpool	Brazoria	404	Rural	6	6	4
6	Louise	Wharton	977	Rural	4	3	4
6	Magnolia	Montgomery	1,111	Rural	5	4	6
6	Manvel	Brazoria	3,046	Urban	3	3	3
6	Markham	Matagorda	1,138	Rural	3	3	3
6	Meadows Place	Fort Bend	4,912	Urban	3	4	4
6	Mission Bend	Fort Bend	30,831	Urban	5	4	5
6	Missouri City	Fort Bend	52,913	Urban	4	4	4
6	Mont Belvieu	Chambers	2,324	Rural	4	4	3
6	Montgomery	Montgomery	489	Rural	6	6	5
6	Morgan's Point	Harris	336	Urban	4	4	4
6	Nassau Bay	Harris	4,170	Urban	6	6	3
6	Needville	Fort Bend	2,609	Rural	3	3	4
6	New Territory	Fort Bend	13,861	Urban	4	3	3
6	New Waverly	Walker	950	Rural	6	5	5
6	North Cleveland	Liberty	263	Rural	3	3	6
6	Oak Ridge North	Montgomery	2,991	Urban	5	5	3
6	Old River-Winfree	Chambers	1,364	Rural	5	5	5
6	Orchard	Fort Bend	408	Rural	3	3	3
6	Oyster Creek	Brazoria	1,192	Rural	4	4	4
6	Palacios	Matagorda	5,153	Rural	4	5	4
6	Panorama Village	Montgomery	1,965	Urban	5	4	4
6	Pasadena	Harris	141,674	Urban	4	5	5
6	Pattison	Waller	447	Rural	5	4	5
6	Patton Village	Montgomery	1,391	Rural	5	5	5
6	Pearland	Brazoria	37,640	Urban	4	5	4
6	Pecan Grove	Fort Bend	13,551	Rural	4	4	3
6	Pine Island	Waller	849	Rural	4	4	3
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	4	3	4
6	Piney Point Village	Harris	3,380	Urban	4	3	4
6	Pleak	Fort Bend	947	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Plum Grove	Liberty	930	Rural	3	3	6
6	Porter Heights	Montgomery	1,490	Rural	3	3	6
6	Prairie View	Waller	4,410	Rural	3	6	5
6	Quintana	Brazoria	38	Rural	3	3	6
6	Richmond	Fort Bend	11,081	Rural	5	5	4
6	Richwood	Brazoria	3,012	Urban	4	4	4
6	Riverside	Walker	425	Rural	6	6	6
6	Roman Forest	Montgomery	1,279	Rural	4	3	3
6	Rosenberg	Fort Bend	24,043	Rural	4	5	5
6	San Felipe	Austin	868	Rural	6	6	3
6	San Leon	Galveston	4,365	Urban	5	5	5
6	Santa Fe	Galveston	9,548	Urban	4	4	4
6	Seabrook	Harris	9,443	Urban	4	3	3
6	Sealy	Austin	5,248	Rural	3	4	5
6	Sheldon	Harris	1,831	Rural	3	3	4
6	Shenandoah	Montgomery	1,503	Urban	5	5	4
6	Shoreacres	Harris	1,488	Urban	6	6	4
6	Sienna Plantation	Fort Bend	1,896	Urban	5	4	3
6	Simonton	Fort Bend	718	Rural	6	6	4
6	South Houston	Harris	15,833	Urban	3	4	6
6	Southside Place	Harris	1,546	Urban	6	6	3
6	Splendora	Montgomery	1,275	Rural	6	6	5
6	Spring	Harris	36,385	Urban	4	4	4
6	Spring Valley	Harris	3,611	Urban	4	3	3
6	Stafford	Fort Bend	15,681	Urban	5	5	5
6	Stagecoach	Montgomery	455	Rural	3	3	3
6	Stowell	Chambers	1,572	Rural	4	3	6
6	Sugar Land	Fort Bend	63,328	Urban	5	4	4
6	Surfside Beach	Brazoria	763	Rural	4	4	4
6	Sweeny	Brazoria	3,624	Rural	4	4	5
6	Taylor Lake Village	Harris	3,694	Urban	3	3	3
6	Texas City	Galveston	41,521	Urban	5	6	5
6	The Woodlands	Montgomery	55,649	Urban	3	5	3
6	Thompsons	Fort Bend	236	Urban	4	4	6
6	Tiki Island	Galveston	1,016	Urban	3	3	4
6	Tomball	Harris	9,089	Rural	5	6	5
6	Van Vleck	Matagorda	1,411	Rural	3	3	5
6	Waller	Waller	2,092	Rural	3	6	6
6	Wallis	Austin	1,172	Rural	3	3	5
6	Webster	Harris	9,083	Urban	3	4	4
6	Weimar	Colorado	1,981	Rural	5	4	5
6	West Columbia	Brazoria	4,255	Rural	6	6	5
6	West University Place	Harris	14,211	Urban	3	3	3
6	Wharton	Wharton	9,237	Rural	5	5	5
6	Wild Peach Village	Brazoria	2,498	Rural	3	3	4
6	Willis	Montgomery	3,985	Rural	3	4	6
6	Winnie	Chambers	2,914	Rural	4	3	5
6	Woodbranch	Montgomery	1,305	Rural	4	3	4
6	Woodloch	Montgomery	247	Rural	6	6	3
7	Anderson Mill	Williamson	8,953	Urban	5	5	4
7	Austin	Travis	656,562	Urban	5	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Bartlett	Williamson	1,675	Rural	6	6	5
7	Barton Creek	Travis	1,589	Urban	6	6	3
7	Bastrop	Bastrop	5,340	Rural	4	4	5
7	Bear Creek	Hays	360	Rural	3	3	3
7	Bee Cave	Travis	656	Rural	4	4	3
7	Bertram	Burnet	1,122	Rural	5	4	5
7	Blanco	Blanco	1,505	Rural	5	5	6
7	Briarcliff	Travis	895	Rural	4	3	4
7	Brushy Creek	Williamson	15,371	Urban	4	4	3
7	Buchanan Dam	Llano	1,688	Rural	5	4	5
7	Buda	Hays	2,404	Urban	3	3	5
7	Burnet	Burnet	4,735	Rural	4	5	6
7	Camp Swift	Bastrop	4,731	Rural	3	3	6
7	Carmine	Fayette	228	Rural	6	6	6
7	Cedar Park	Williamson	26,049	Urban	3	5	4
7	Circle D-KC Estates	Bastrop	2,010	Rural	3	3	5
7	Cottonwood Shores	Burnet	877	Rural	6	5	5
7	Creedmoor	Travis	211	Rural	3	3	5
7	Dripping Springs	Hays	1,548	Rural	3	4	6
7	Elgin	Bastrop	5,700	Rural	4	5	5
7	Fayetteville	Fayette	261	Rural	4	3	5
7	Flatonia	Fayette	1,377	Rural	5	5	3
7	Florence	Williamson	1,054	Rural	6	6	6
7	Garfield	Travis	1,660	Rural	4	3	6
7	Georgetown	Williamson	28,339	Urban	3	5	5
7	Giddings	Lee	5,105	Rural	3	4	3
7	Granger	Williamson	1,299	Rural	5	5	6
7	Granite Shoals	Burnet	2,040	Rural	5	5	6
7	Hays	Hays	233	Rural	3	3	4
7	Highland Haven	Burnet	450	Rural	6	6	3
7	Horseshoe Bay	Llano	3,337	Rural	4	4	4
7	Hudson Bend	Travis	2,369	Urban	5	5	4
7	Hutto	Williamson	1,250	Rural	5	3	5
7	Johnson City	Blanco	1,191	Rural	3	4	4
7	Jollyville	Williamson	15,813	Urban	5	5	3
7	Jonestown	Travis	1,681	Rural	6	6	5
7	Kingsland	Llano	4,584	Rural	3	6	5
7	Kyle	Hays	5,314	Rural	3	3	5
7	La Grange	Fayette	4,478	Rural	5	4	3
7	Lago Vista	Travis	4,507	Rural	6	6	5
7	Lakeway	Travis	8,002	Rural	4	4	4
7	Leander	Williamson	7,596	Urban	5	3	5
7	Lexington	Lee	1,178	Rural	5	4	3
7	Liberty Hill	Williamson	1,409	Rural	3	3	6
7	Llano	Llano	3,325	Rural	3	5	3
7	Lockhart	Caldwell	11,615	Rural	5	5	6
7	Lost Creek	Travis	4,729	Urban	4	3	3
7	Luling	Caldwell	5,080	Rural	4	4	4
7	Manor	Travis	1,204	Urban	4	3	4
7	Marble Falls	Burnet	4,959	Rural	4	6	5
7	Martindale	Caldwell	953	Rural	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Meadowlakes	Burnet	1,293	Rural	6	6	3
7	Mountain City	Hays	671	Rural	6	6	4
7	Mustang Ridge	Caldwell	785	Rural	3	3	6
7	Niederwald	Hays	584	Rural	4	4	4
7	Onion Creek	Travis	2,116	Urban	3	3	3
7	Pflugerville	Travis	16,335	Urban	3	3	4
7	Rollingwood	Travis	1,403	Urban	6	6	3
7	Round Mountain	Blanco	111	Rural	3	3	3
7	Round Rock	Williamson	61,136	Urban	5	5	3
7	Round Top	Fayette	77	Rural	3	3	6
7	San Leanna	Travis	384	Urban	6	6	3
7	San Marcos	Hays	34,733	Urban	6	6	6
7	Schulenburg	Fayette	2,699	Rural	5	5	5
7	Serenada	Williamson	1,847	Urban	6	6	3
7	Shady Hollow	Travis	5,140	Urban	4	4	3
7	Smithville	Bastrop	3,901	Rural	5	5	6
7	Sunrise Beach Village	Llano	704	Rural	5	5	4
7	Sunset Valley	Travis	365	Urban	5	5	5
7	Taylor	Williamson	13,575	Rural	5	4	4
7	The Hills	Travis	1,492	Rural	3	3	3
7	Thrall	Williamson	710	Rural	5	4	4
7	Uhland	Hays	386	Rural	6	6	5
7	Weir	Williamson	591	Rural	4	4	6
7	Wells Branch	Travis	11,271	Urban	5	5	4
7	West Lake Hills	Travis	3,116	Urban	3	3	3
7	Wimberley	Hays	3,797	Rural	5	4	6
7	Windemere	Travis	6,868	Urban	5	5	4
7	Woodcreek	Hays	1,274	Rural	5	5	5
7	Wyldwood	Bastrop	2,310	Rural	3	3	4
8	Abbott	Hill	300	Rural	5	5	5
8	Anderson	Grimes	257	Rural	3	3	6
8	Aquilla	Hill	136	Rural	6	6	3
8	Bellmead	McLennan	9,214	Urban	4	4	4
8	Belton	Bell	14,623	Urban	4	5	3
8	Beverly Hills	McLennan	2,113	Urban	5	5	5
8	Blum	Hill	399	Rural	6	6	3
8	Bremond	Robertson	876	Rural	4	3	4
8	Brenham	Washington	13,507	Rural	4	6	5
8	Bruceville-Eddy	McLennan	1,490	Rural	5	5	4
8	Bryan	Brazos	65,660	Urban	6	6	5
8	Buckholts	Milam	387	Rural	6	6	3
8	Buffalo	Leon	1,804	Rural	6	6	6
8	Burton	Washington	359	Rural	4	4	6
8	Bynum	Hill	225	Rural	6	6	6
8	Caldwell	Burleson	3,449	Rural	4	4	3
8	Calvert	Robertson	1,426	Rural	3	3	6
8	Cameron	Milam	5,634	Rural	3	5	5
8	Carl's Corner	Hill	134	Rural	6	6	6
8	Centerville	Leon	903	Rural	5	5	6
8	Clifton	Bosque	3,542	Rural	3	4	5
8	College Station	Brazos	67,890	Urban	6	6	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Coolidge	Limestone	848	Rural	5	5	3
8	Copperas Cove	Coryell	29,592	Urban	4	4	4
8	Covington	Hill	282	Rural	4	3	4
8	Cranfills Gap	Bosque	335	Rural	4	4	5
8	Crawford	McLennan	705	Rural	4	3	4
8	Evant	Coryell	393	Rural	6	6	6
8	Fairfield	Freestone	3,094	Rural	4	4	6
8	Fort Hood	Bell	33,711	Urban	3	3	3
8	Franklin	Robertson	1,470	Rural	4	4	6
8	Gatesville	Coryell	15,591	Rural	3	5	3
8	Gholson	McLennan	922	Rural	3	3	4
8	Goldthwaite	Mills	1,802	Rural	3	5	5
8	Golinda	Falls	423	Rural	5	5	5
8	Groesbeck	Limestone	4,291	Rural	4	6	4
8	Hallsburg	McLennan	518	Rural	6	6	3
8	Hamilton	Hamilton	2,977	Rural	3	4	4
8	Harker Heights	Bell	17,308	Urban	4	4	3
8	Hearne	Robertson	4,690	Rural	5	5	5
8	Hewitt	McLennan	11,085	Urban	4	3	3
8	Hico	Hamilton	1,341	Rural	4	4	6
8	Hillsboro	Hill	8,232	Rural	5	6	4
8	Holland	Bell	1,102	Rural	3	4	4
8	Hubbard	Hill	1,586	Rural	3	4	5
8	Iredell	Bosque	360	Rural	4	4	5
8	Itasca	Hill	1,503	Rural	3	3	3
8	Jewett	Leon	861	Rural	6	6	6
8	Kempner	Lampasas	1,004	Rural	5	5	5
8	Killeen	Bell	86,911	Urban	4	4	4
8	Kirvin	Freestone	122	Rural	3	3	4
8	Kosse	Limestone	497	Rural	6	6	6
8	Lacy-Lakeview	McLennan	5,764	Urban	5	5	5
8	Lampasas	Lampasas	6,786	Rural	4	4	5
8	Leona	Leon	181	Rural	6	6	3
8	Leroy	McLennan	335	Rural	3	3	5
8	Little River-Academy	Bell	1,645	Rural	6	6	3
8	Lometa	Lampasas	782	Rural	4	4	3
8	Lorena	McLennan	1,433	Rural	3	3	3
8	Lott	Falls	724	Rural	5	4	3
8	Madisonville	Madison	4,159	Rural	4	3	5
8	Malone	Hill	278	Rural	3	3	6
8	Marlin	Falls	6,628	Rural	5	5	6
8	Marquez	Leon	220	Rural	4	4	6
8	Mart	McLennan	2,273	Rural	6	6	4
8	McGregor	McLennan	4,727	Urban	5	5	4
8	Meridian	Bosque	1,491	Rural	3	5	5
8	Mertens	Hill	146	Rural	6	6	6
8	Mexia	Limestone	6,563	Rural	6	6	5
8	Midway	Madison	288	Rural	3	3	4
8	Milano	Milam	400	Rural	4	3	6
8	Millican	Brazos	108	Rural	3	3	6
8	Moody	McLennan	1,400	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	Morgan	Bosque	485	Rural	3	3	6
8	Morgan's Point Resort	Bell	2,989	Rural	4	4	3
8	Mount Calm	Hill	310	Rural	4	4	3
8	Mullin	Mills	175	Rural	5	3	6
8	Navasota	Grimes	6,789	Rural	5	5	5
8	Nolanville	Bell	2,150	Rural	5	5	4
8	Normangee	Leon	719	Rural	3	3	6
8	Oakwood	Leon	471	Rural	4	4	6
8	Oglesby	Coryell	458	Rural	6	6	4
8	Penelope	Hill	211	Rural	6	6	5
8	Richland Springs	San Saba	350	Rural	3	3	3
8	Riesel	McLennan	973	Rural	6	6	3
8	Robinson	McLennan	7,845	Urban	4	3	3
8	Rockdale	Milam	5,439	Rural	5	5	3
8	Rogers	Bell	1,117	Rural	3	4	4
8	Rosebud	Falls	1,493	Rural	4	4	4
8	Ross	McLennan	228	Rural	3	3	6
8	Salado	Bell	3,475	Rural	4	3	3
8	San Saba	San Saba	2,637	Rural	4	4	3
8	Snook	Burleson	568	Rural	6	6	4
8	Somerville	Burleson	1,704	Rural	5	5	5
8	South Mountain	Coryell	412	Rural	4	4	3
8	Streetman	Freestone	203	Rural	3	3	6
8	Teague	Freestone	4,557	Rural	3	4	5
8	Tehuacana	Limestone	307	Rural	4	3	3
8	Temple	Bell	54,514	Urban	4	5	3
8	Thorndale	Milam	1,278	Rural	5	5	4
8	Thornton	Limestone	525	Rural	5	5	5
8	Todd Mission	Grimes	146	Rural	3	3	6
8	Troy	Bell	1,378	Rural	6	4	3
8	Valley Mills	Bosque	1,123	Rural	3	3	5
8	Waco	McLennan	113,726	Urban	6	6	4
8	Walnut Springs	Bosque	755	Rural	3	3	4
8	West	McLennan	2,692	Rural	4	4	3
8	Whitney	Hill	1,833	Rural	6	6	5
8	Wixon Valley	Brazos	235	Rural	6	6	4
8	Woodway	McLennan	8,733	Urban	3	3	3
8	Wortham	Freestone	1,082	Rural	6	6	4
9	Alamo Heights	Bexar	7,319	Urban	4	4	4
9	Balcones Heights	Bexar	3,016	Urban	6	6	3
9	Bandera	Bandera	957	Rural	3	5	6
9	Bigfoot	Frio	304	Rural	3	3	4
9	Boerne	Kendall	6,178	Rural	3	6	6
9	Bulverde	Comal	3,761	Rural	3	3	3
9	Canyon Lake	Comal	16,870	Rural	4	4	5
9	Castle Hills	Bexar	4,202	Urban	6	6	4
9	Castroville	Medina	2,664	Rural	5	4	4
9	Charlotte	Atascosa	1,637	Rural	4	3	5
9	China Grove	Bexar	1,247	Rural	3	3	3
9	Christine	Atascosa	436	Rural	3	3	5
9	Cibolo	Guadalupe	3,035	Rural	6	6	4

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9	Comfort	Kendall	2,358	Rural	4	4	6
9	Converse	Bexar	11,508	Urban	3	4	5
9	Cross Mountain	Bexar	1,524	Urban	3	3	3
9	Devine	Medina	4,140	Rural	5	5	5
9	Dilley	Frio	3,674	Rural	6	6	6
9	Elmendorf	Bexar	664	Rural	5	4	5
9	Fair Oaks Ranch	Bexar	4,695	Urban	5	4	3
9	Falls City	Karnes	591	Rural	4	3	3
9	Floresville	Wilson	5,868	Rural	3	5	5
9	Fredericksburg	Gillespie	8,911	Rural	3	5	5
9	Garden Ridge	Comal	1,882	Rural	6	6	3
9	Geronimo	Guadalupe	619	Rural	3	3	5
9	Grey Forest	Bexar	418	Rural	4	4	4
9	Harper	Gillespie	1,006	Rural	5	4	6
9	Helotes	Bexar	4,285	Urban	4	4	3
9	Hill Country Village	Bexar	1,028	Urban	3	3	3
9	Hilltop	Frio	300	Rural	3	3	5
9	Hollywood Park	Bexar	2,983	Urban	6	6	3
9	Hondo	Medina	7,897	Rural	3	5	4
9	Ingram	Kerr	1,740	Rural	6	5	6
9	Jourdanton	Atascosa	3,732	Rural	4	6	5
9	Karnes City	Karnes	3,457	Rural	5	4	5
9	Kenedy	Karnes	3,487	Rural	4	4	5
9	Kerrville	Kerr	20,425	Rural	5	6	5
9	Kingsbury	Guadalupe	652	Rural	3	3	4
9	Kirby	Bexar	8,673	Urban	5	5	5
9	La Vernia	Wilson	931	Rural	6	6	5
9	Lackland AFB	Bexar	7,123	Urban	3	3	6
9	LaCoste	Medina	1,255	Rural	5	4	4
9	Lakehills	Bandera	4,668	Rural	6	6	5
9	Leon Valley	Bexar	9,239	Urban	4	5	4
9	Live Oak	Bexar	9,156	Urban	5	4	5
9	Lytle	Atascosa	2,383	Rural	3	4	6
9	Marion	Guadalupe	1,099	Rural	5	4	5
9	McQueeney	Guadalupe	2,527	Rural	4	4	5
9	Moore	Frio	644	Rural	4	3	3
9	Natalia	Medina	1,663	Rural	6	6	6
9	New Berlin	Guadalupe	467	Rural	3	3	4
9	New Braunfels	Comal	36,494	Urban	5	5	4
9	North Pearsall	Frio	561	Rural	4	4	5
9	Northcliff	Guadalupe	1,819	Rural	4	4	4
9	Olmos Park	Bexar	2,343	Urban	4	3	3
9	Pearsall	Frio	7,157	Rural	4	4	6
9	Pleasanton	Atascosa	8,266	Rural	6	6	5
9	Poteet	Atascosa	3,305	Rural	4	5	5
9	Poth	Wilson	1,850	Rural	5	4	4
9	Redwood	Guadalupe	3,586	Rural	5	5	6
9	Runge	Karnes	1,080	Rural	6	5	4
9	San Antonio	Bexar	1,144,646	Urban	5	5	5
9	Santa Clara	Guadalupe	889	Rural	6	6	5
9	Scenic Oaks	Bexar	3,279	Urban	3	3	3

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9	Schertz	Guadalupe	18,694	Urban	5	4	4
9	Seguin	Guadalupe	22,011	Rural	4	5	5
9	Selma	Bexar	788	Urban	6	6	4
9	Shavano Park	Bexar	1,754	Urban	3	3	3
9	Somerset	Bexar	1,550	Rural	6	6	6
9	St. Hedwig	Bexar	1,875	Rural	6	5	3
9	Stockdale	Wilson	1,398	Rural	5	5	4
9	Stonewall	Gillespie	469	Rural	5	4	5
9	Terrell Hills	Bexar	5,019	Urban	4	4	3
9	Timberwood Park	Bexar	5,889	Urban	4	3	3
9	Universal City	Bexar	14,849	Rural	5	5	3
9	West Pearsall	Frio	349	Rural	6	6	3
9	Windcrest	Bexar	5,105	Urban	6	6	3
9	Zuehl	Guadalupe	346	Rural	3	3	5
10	Agua Dulce (Nueces)	Nueces	737	Rural	5	4	4
10	Airport Road Addition	Brooks	132	Rural	3	3	4
10	Alfred-South La Paloma	Jim Wells	451	Rural	3	3	4
10	Alice	Jim Wells	19,010	Rural	4	4	4
10	Alice Acres	Jim Wells	491	Rural	3	3	3
10	Aransas Pass	San Patricio	8,138	Rural	4	5	6
10	Austwell	Refugio	192	Rural	6	6	6
10	Bayside	Refugio	360	Rural	6	6	5
10	Beeville	Bee	13,129	Rural	4	5	4
10	Benavides	Duval	1,686	Rural	5	5	3
10	Bishop	Nueces	3,305	Rural	5	5	4
10	Bloomington	Victoria	2,562	Rural	6	6	4
10	Blue Berry Hill	Bee	982	Rural	3	3	6
10	Cantu Addition	Brooks	217	Rural	3	3	6
10	Concepcion	Duval	61	Rural	3	3	3
10	Corpus Christi	Nueces	277,454	Urban	5	5	5
10	Coyote Acres	Jim Wells	389	Rural	3	3	5
10	Cuero	DeWitt	6,571	Rural	6	6	4
10	Del Sol-Loma Linda	San Patricio	726	Rural	3	3	5
10	Doyle	San Patricio	285	Urban	3	3	3
10	Driscoll	Nueces	825	Rural	5	5	3
10	Edgewater-Paisano	San Patricio	182	Rural	6	6	3
10	Edna	Jackson	5,899	Rural	5	6	5
10	Edroy	San Patricio	420	Rural	3	3	6
10	Encino	Brooks	177	Rural	3	3	3
10	Falfurrias	Brooks	5,297	Rural	6	5	6
10	Falman-County Acres	San Patricio	289	Rural	6	6	3
10	Flowella	Brooks	134	Rural	3	3	6
10	Freer	Duval	3,241	Rural	4	4	4
10	Fulton	Aransas	1,553	Rural	5	4	6
10	Ganado	Jackson	1,915	Rural	4	4	4
10	George West	Live Oak	2,524	Rural	4	4	4
10	Goliad	Goliad	1,975	Rural	3	4	6
10	Gonzales	Gonzales	7,202	Rural	4	4	5
10	Gregory	San Patricio	2,318	Rural	4	4	3
10	Hallettsville	Lavaca	2,345	Rural	5	4	3
10	Inez	Victoria	1,787	Rural	4	4	3

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10	Ingleside	San Patricio	9,388	Urban	4	6	4
10	Ingleside on the Bay	San Patricio	659	Urban	6	6	6
10	K-Bar Ranch	Jim Wells	350	Rural	6	6	3
10	Kingsville	Kleberg	25,575	Rural	5	6	5
10	La Paloma-Lost Creek	Nueces	323	Rural	6	6	4
10	La Ward	Jackson	200	Rural	5	5	6
10	Lake City	San Patricio	526	Rural	4	4	6
10	Lakeshore Gardens-Hidden A	San Patricio	720	Rural	3	3	3
10	Lakeside (San Patricio)	San Patricio	333	Rural	3	3	4
10	Lolita	Jackson	548	Rural	3	3	3
10	Loma Linda East	Jim Wells	214	Rural	3	3	3
10	Mathis	San Patricio	5,034	Rural	6	6	4
10	Morgan Farm Area	San Patricio	484	Rural	6	6	3
10	Moulton	Lavaca	944	Rural	4	4	4
10	Nixon	Gonzales	2,186	Rural	4	5	6
10	Nordheim	DeWitt	323	Rural	4	4	6
10	Normanna	Bee	121	Rural	3	3	6
10	North San Pedro	Nueces	920	Rural	4	4	3
10	Odem	San Patricio	2,499	Rural	5	4	3
10	Orange Grove	Jim Wells	1,288	Rural	6	6	3
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	6	6	4
10	Pawnee	Bee	201	Rural	3	3	4
10	Pernitas Point	Live Oak	269	Rural	6	6	4
10	Petronila	Nueces	83	Rural	3	3	3
10	Pettus	Bee	608	Rural	4	4	4
10	Point Comfort	Calhoun	781	Rural	5	4	3
10	Port Aransas	Nueces	3,370	Urban	6	6	5
10	Port Lavaca	Calhoun	12,035	Rural	5	5	4
10	Portland	San Patricio	14,827	Urban	5	5	3
10	Premont	Jim Wells	2,772	Rural	5	5	6
10	Rancho Alegre	Jim Wells	1,775	Rural	5	5	5
10	Rancho Banquete	Nueces	469	Rural	3	3	6
10	Rancho Chico	San Patricio	309	Rural	6	6	3
10	Realitos	Duval	209	Rural	3	3	3
10	Refugio	Refugio	2,941	Rural	4	4	5
10	Robstown	Nueces	12,727	Rural	3	4	5
10	Rockport	Aransas	7,385	Rural	4	5	5
10	San Diego	Duval	4,753	Rural	5	4	5
10	San Patricio	San Patricio	318	Rural	6	6	4
10	Sandia	Jim Wells	431	Rural	3	3	4
10	Sandy Hollow-Escondidas	Nueces	433	Rural	4	4	4
10	Seadrift	Calhoun	1,352	Rural	5	5	4
10	Shiner	Lavaca	2,070	Rural	5	5	6
10	Sinton	San Patricio	5,676	Rural	5	6	4
10	Skidmore	Bee	1,013	Rural	5	5	4
10	Smiley	Gonzales	453	Rural	5	5	6
10	Spring Garden-Terra Verde	Nueces	693	Rural	3	3	5
10	St. Paul (San Patricio)	San Patricio	542	Rural	3	3	4
10	Taft	San Patricio	3,396	Rural	5	5	5
10	Taft Southwest	San Patricio	1,721	Rural	4	4	6
10	Three Rivers	Live Oak	1,878	Rural	5	4	4

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10	Tierra Grande	Nueces	362	Rural	5	4	4
10	Tradewinds	San Patricio	163	Rural	3	3	6
10	Tuleta	Bee	292	Rural	3	3	6
10	Tulsita	Bee	20	Rural	3	3	3
10	Tynan	Bee	301	Rural	5	5	4
10	Vanderbilt	Jackson	411	Rural	3	3	3
10	Victoria	Victoria	60,603	Urban	5	5	4
10	Waelder	Gonzales	947	Rural	4	4	4
10	Westdale	Jim Wells	295	Rural	3	3	6
10	Woodsboro	Refugio	1,685	Rural	5	5	4
10	Yoakum	Lavaca	5,731	Rural	6	6	3
10	Yorktown	DeWitt	2,271	Rural	5	4	4
11	Abram-Perezville	Hidalgo	5,444	Rural	6	6	4
11	Alamo	Hidalgo	14,760	Urban	3	4	4
11	Alto Bonito	Starr	569	Rural	3	3	3
11	Alton	Hidalgo	4,384	Rural	3	5	4
11	Alton North	Hidalgo	5,051	Rural	5	5	4
11	Arroyo Alto	Cameron	320	Rural	3	3	6
11	Arroyo Colorado Estates	Cameron	755	Rural	6	6	3
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	3	3	3
11	Asherton	Dimmit	1,342	Rural	6	5	3
11	Batesville	Zavala	1,298	Rural	5	4	3
11	Bausell and Ellis	Willacy	112	Rural	3	3	3
11	Bayview	Cameron	323	Rural	6	6	6
11	Big Wells	Dimmit	704	Rural	5	5	3
11	Bixby	Cameron	356	Rural	3	3	6
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	5	5	3
11	Botines	Webb	132	Rural	6	6	3
11	Box Canyon-Amistad	Val Verde	76	Rural	3	3	6
11	Brackettville	Kinney	1,876	Rural	4	6	5
11	Brownsville	Cameron	139,722	Urban	5	4	5
11	Brundage	Dimmit	31	Rural	3	3	6
11	Bruni	Webb	412	Rural	3	3	6
11	Cameron Park	Cameron	5,961	Urban	5	4	4
11	Camp Wood	Real	822	Rural	6	6	6
11	Carrizo Hill	Dimmit	548	Rural	6	6	6
11	Carrizo Springs	Dimmit	5,655	Rural	6	6	4
11	Catarina	Dimmit	135	Rural	3	3	4
11	Cesar Chavez	Hidalgo	1,469	Urban	5	5	6
11	Chula Vista-Orason	Cameron	394	Rural	6	6	5
11	Chula Vista-River Spur	Zavala	400	Rural	3	3	5
11	Cienegas Terrace	Val Verde	2,878	Rural	6	6	5
11	Citrus City	Hidalgo	941	Rural	3	3	5
11	Combes	Cameron	2,553	Urban	5	5	5
11	Cotulla	La Salle	3,614	Rural	3	5	4
11	Crystal City	Zavala	7,190	Rural	5	5	5
11	Cuevitas	Hidalgo	37	Rural	3	3	6
11	Del Mar Heights	Cameron	259	Rural	3	3	3
11	Del Rio	Val Verde	33,867	Rural	5	5	4
11	Doffing	Hidalgo	4,256	Rural	5	5	4
11	Donna	Hidalgo	14,768	Rural	3	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Doolittle	Hidalgo	2,358	Urban	4	4	3
11	Eagle Pass	Maverick	22,413	Rural	6	6	5
11	Edcouch	Hidalgo	3,342	Rural	3	5	5
11	Edinburg	Hidalgo	48,465	Urban	5	5	5
11	Eidson Road	Maverick	9,348	Rural	4	4	5
11	El Camino Angosto	Cameron	254	Rural	3	3	3
11	El Cenizo	Webb	3,545	Rural	4	4	3
11	El Indio	Maverick	263	Rural	6	6	3
11	El Refugio	Starr	221	Rural	6	6	6
11	Elm Creek	Maverick	1,928	Rural	3	3	6
11	Elsa	Hidalgo	5,549	Rural	4	6	4
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	3	3	4
11	Encinal	La Salle	629	Rural	6	5	3
11	Escobares	Starr	1,954	Rural	5	5	5
11	Falcon Heights	Starr	335	Rural	3	3	4
11	Falcon Lake Estates	Zapata	830	Rural	5	5	3
11	Falcon Mesa	Zapata	506	Rural	3	3	5
11	Falcon Village	Starr	78	Rural	6	6	6
11	Faysville	Hidalgo	348	Urban	6	6	3
11	Fowlerton	La Salle	62	Rural	3	3	3
11	Fronton	Starr	599	Rural	3	3	5
11	Garceno	Starr	1,438	Rural	6	6	6
11	Grand Acres	Cameron	203	Rural	3	3	4
11	Granjeno	Hidalgo	313	Urban	3	3	6
11	Green Valley Farms	Cameron	720	Rural	3	3	4
11	Guerra	Jim Hogg	8	Rural	6	6	6
11	Harlingen	Cameron	57,564	Urban	5	5	4
11	Havana	Hidalgo	452	Rural	5	5	6
11	Hebbronville	Jim Hogg	4,498	Rural	5	5	5
11	Heidelberg	Hidalgo	1,586	Rural	6	6	6
11	Hidalgo	Hidalgo	7,322	Rural	5	5	6
11	Indian Hills	Hidalgo	2,036	Rural	4	4	6
11	Indian Lake	Cameron	541	Rural	6	6	5
11	Knippa	Uvalde	739	Rural	5	4	4
11	La Blanca	Hidalgo	2,351	Rural	6	6	3
11	La Casita-Garciasville	Starr	2,177	Rural	4	6	4
11	La Feria	Cameron	6,115	Rural	5	4	4
11	La Feria North	Cameron	168	Rural	6	6	3
11	La Grulla	Starr	1,211	Rural	4	4	4
11	La Homa	Hidalgo	10,433	Urban	5	5	5
11	La Joya	Hidalgo	3,303	Rural	4	5	5
11	La Paloma	Cameron	354	Rural	6	6	3
11	La Presa	Webb	508	Rural	3	3	3
11	La Pryor	Zavala	1,491	Rural	5	5	4
11	La Puerta	Starr	1,636	Rural	3	3	5
11	La Rosita	Starr	1,729	Rural	5	5	6
11	La Victoria	Starr	1,683	Rural	3	3	3
11	La Villa	Hidalgo	1,305	Rural	3	5	5
11	Lago	Cameron	246	Rural	6	6	3
11	Laguna Heights	Cameron	1,990	Rural	4	4	4
11	Laguna Seca	Hidalgo	251	Rural	3	3	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Laguna Vista	Cameron	1,658	Rural	3	5	4
11	Lake View	Val Verde	167	Rural	3	3	5
11	Laredo	Webb	176,576	Urban	5	5	5
11	Laredo Ranchettes	Webb	1,845	Rural	3	3	3
11	Larga Vista	Webb	742	Urban	6	6	6
11	Las Colonias	Zavala	283	Rural	6	6	6
11	Las Lomas	Starr	2,684	Rural	6	6	4
11	Las Lomitas	Jim Hogg	267	Rural	3	3	6
11	Las Palmas-Juarez	Cameron	1,666	Rural	4	4	5
11	Las Quintas Fronterizas	Maverick	2,030	Rural	4	4	3
11	Lasana	Cameron	135	Urban	3	3	3
11	Lasara	Willacy	1,024	Rural	4	4	5
11	Laughlin AFB	Val Verde	2,225	Rural	4	4	3
11	Laureles	Cameron	3,285	Rural	5	5	5
11	Leakey	Real	387	Rural	6	6	6
11	Llano Grande	Hidalgo	3,333	Urban	5	5	3
11	Lopeno	Zapata	140	Rural	3	3	6
11	Lopezville	Hidalgo	4,476	Urban	4	4	4
11	Los Alvarez	Starr	1,434	Rural	4	4	6
11	Los Angeles Subdivision	Willacy	86	Rural	6	6	3
11	Los Ebanos	Hidalgo	403	Rural	5	5	5
11	Los Fresnos	Cameron	4,512	Rural	4	3	6
11	Los Indios	Cameron	1,149	Rural	3	3	4
11	Los Villareales	Starr	930	Rural	3	3	4
11	Lozano	Cameron	324	Rural	3	3	4
11	Lyford	Willacy	1,973	Rural	5	5	5
11	Lyford South	Willacy	172	Rural	6	6	4
11	McAllen	Hidalgo	106,414	Urban	5	5	5
11	Medina	Zapata	2,960	Rural	4	4	4
11	Mercedes	Hidalgo	13,649	Rural	4	6	5
11	Midway North	Hidalgo	3,946	Urban	3	3	5
11	Midway South	Hidalgo	1,711	Urban	5	5	6
11	Mila Doce	Hidalgo	4,907	Rural	4	4	5
11	Mirando City	Webb	493	Rural	6	6	6
11	Mission	Hidalgo	45,408	Urban	4	5	5
11	Monte Alto	Hidalgo	1,611	Rural	5	5	4
11	Morales-Sanchez	Zapata	95	Rural	3	3	3
11	Muniz	Hidalgo	1,106	Rural	6	6	5
11	New Falcon	Zapata	184	Rural	3	3	3
11	North Alamo	Hidalgo	2,061	Urban	4	4	4
11	North Escobares	Starr	1,692	Rural	6	6	4
11	Nurillo	Hidalgo	5,056	Urban	5	5	6
11	Oilton	Webb	310	Rural	3	3	5
11	Olivarez	Hidalgo	2,445	Rural	5	5	3
11	Olmito	Cameron	1,198	Urban	5	5	4
11	Palm Valley	Cameron	1,298	Urban	4	4	3
11	Palmhurst	Hidalgo	4,872	Urban	5	5	4
11	Palmview	Hidalgo	4,107	Urban	5	5	5
11	Palmview South	Hidalgo	6,219	Urban	5	5	4
11	Penitas	Hidalgo	1,167	Rural	5	4	4
11	Pharr	Hidalgo	46,660	Urban	4	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Port Isabel	Cameron	4,865	Rural	5	4	5
11	Port Mansfield	Willacy	415	Rural	5	4	5
11	Primera	Cameron	2,723	Urban	5	4	5
11	Progreso	Hidalgo	4,851	Rural	5	5	4
11	Progreso Lakes	Hidalgo	234	Rural	3	3	4
11	Quemado	Maverick	243	Rural	3	3	3
11	Radar Base	Maverick	162	Rural	3	3	6
11	Ranchette Estates	Willacy	133	Rural	3	3	3
11	Ranchitos Las Lomas	Webb	334	Rural	3	3	4
11	Rancho Viejo	Cameron	1,754	Urban	5	5	3
11	Ranchos Penitas West	Webb	520	Urban	3	3	4
11	Rangerville	Cameron	203	Rural	3	3	6
11	Ratamosa	Cameron	218	Rural	3	3	3
11	Raymondville	Willacy	9,733	Rural	4	5	6
11	Reid Hope King	Cameron	802	Urban	6	6	3
11	Relampago	Hidalgo	104	Rural	3	3	6
11	Rio Bravo	Webb	5,553	Urban	4	3	4
11	Rio Grande City	Starr	11,923	Rural	5	4	4
11	Rio Hondo	Cameron	1,942	Rural	5	3	5
11	Rocksprings	Edwards	1,285	Rural	5	4	5
11	Roma	Starr	9,617	Rural	6	6	5
11	Roma Creek	Starr	610	Rural	3	3	3
11	Rosita North	Maverick	3,400	Rural	4	4	5
11	Rosita South	Maverick	2,574	Rural	5	5	3
11	Sabinal	Uvalde	1,586	Rural	6	6	5
11	Salineno	Starr	304	Rural	3	3	5
11	San Benito	Cameron	23,444	Urban	5	5	4
11	San Carlos	Hidalgo	2,650	Rural	6	6	6
11	San Ignacio	Zapata	853	Rural	3	3	6
11	San Isidro	Starr	270	Rural	5	5	4
11	San Juan	Hidalgo	26,229	Urban	5	5	5
11	San Manuel-Linn	Hidalgo	958	Rural	3	3	3
11	San Pedro	Cameron	668	Rural	3	3	3
11	San Perlita	Willacy	680	Rural	6	6	6
11	Santa Cruz	Starr	630	Rural	6	6	5
11	Santa Maria	Cameron	846	Rural	4	4	3
11	Santa Monica	Willacy	78	Rural	3	3	6
11	Santa Rosa	Cameron	2,833	Rural	3	5	4
11	Scissors	Hidalgo	2,805	Rural	3	3	4
11	Sebastian	Willacy	1,864	Rural	3	3	6
11	Siesta Shores	Zapata	890	Rural	3	3	5
11	Solis	Cameron	545	Rural	6	6	3
11	South Alamo	Hidalgo	3,101	Rural	5	5	4
11	South Fork Estates	Jim Hogg	47	Rural	3	3	3
11	South Padre Island	Cameron	2,422	Rural	6	6	4
11	South Point	Cameron	1,118	Rural	6	6	4
11	Spofford	Kinney	75	Rural	3	3	3
11	Sullivan City	Hidalgo	3,998	Rural	5	5	4
11	Tierra Bonita	Cameron	160	Rural	3	3	4
11	Utopia	Uvalde	241	Rural	5	5	6
11	Uvalde	Uvalde	14,929	Rural	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Uvalde Estates	Uvalde	1,972	Rural	5	5	5
11	Val Verde Park	Val Verde	1,945	Rural	5	4	4
11	Villa del Sol	Cameron	132	Rural	3	3	5
11	Villa Pancho	Cameron	386	Urban	6	6	6
11	Villa Verde	Hidalgo	891	Urban	3	3	5
11	Weslaco	Hidalgo	26,935	Urban	5	5	4
11	West Sharyland	Hidalgo	2,947	Rural	4	4	3
11	Willamar	Willacy	15	Rural	3	3	3
11	Yznaga	Cameron	103	Rural	3	3	6
11	Zapata	Zapata	4,856	Rural	3	6	4
11	Zapata Ranch	Willacy	88	Rural	3	3	5
12	Ackerly	Dawson	245	Rural	4	4	6
12	Andrews	Andrews	9,652	Rural	5	4	4
12	Balmorhea	Reeves	527	Rural	4	3	4
12	Barstow	Ward	406	Rural	6	6	5
12	Big Lake	Reagan	2,885	Rural	5	5	4
12	Big Spring	Howard	25,233	Rural	5	6	4
12	Brady	McCulloch	5,523	Rural	4	6	5
12	Bronte	Coke	1,076	Rural	6	6	5
12	Christoval	Tom Green	422	Rural	6	6	6
12	Coahoma	Howard	932	Rural	4	4	3
12	Coyanosa	Pecos	138	Rural	3	3	3
12	Crane	Crane	3,191	Rural	6	6	4
12	Eden	Concho	2,561	Rural	6	6	5
12	Eldorado	Schleicher	1,951	Rural	3	3	6
12	Forsan	Howard	226	Rural	4	4	6
12	Fort Stockton	Pecos	7,846	Rural	3	4	5
12	Gardendale	Ector	1,197	Rural	3	3	3
12	Goldsmith	Ector	253	Rural	4	4	3
12	Grandfalls	Ward	391	Rural	4	4	5
12	Grape Creek	Tom Green	3,138	Rural	5	5	5
12	Imperial	Pecos	428	Rural	3	3	4
12	Iraan	Pecos	1,238	Rural	3	3	3
12	Junction	Kimble	2,618	Rural	5	5	5
12	Kermit	Winkler	5,714	Rural	4	4	3
12	Lamesa	Dawson	9,952	Rural	5	5	4
12	Lindsay (Reeves)	Reeves	394	Rural	3	3	6
12	Los Ybanez	Dawson	32	Rural	3	3	3
12	Mason	Mason	2,134	Rural	6	5	5
12	McCamey	Upton	1,805	Rural	4	4	4
12	Melvin	McCulloch	155	Rural	6	6	6
12	Menard	Menard	1,653	Rural	5	5	6
12	Mertzon	Irion	839	Rural	3	3	5
12	Midland	Midland	94,996	Urban	5	5	4
12	Monahans	Ward	6,821	Rural	6	6	3
12	Odessa	Ector	90,943	Urban	5	5	4
12	Ozona	Crockett	3,436	Rural	3	4	4
12	Paint Rock	Concho	320	Rural	6	6	5
12	Pecos	Reeves	9,501	Rural	3	4	5
12	Pyote	Ward	131	Rural	3	3	6
12	Rankin	Upton	800	Rural	4	3	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Robert Lee	Coke	1,171	Rural	6	6	5
12	San Angelo	Tom Green	88,439	Urban	6	6	4
12	Sanderson	Terrell	861	Rural	6	5	5
12	Seagraves	Gaines	2,334	Rural	5	5	3
12	Seminole	Gaines	5,910	Rural	4	4	5
12	Sonora	Sutton	2,924	Rural	3	4	4
12	Stanton	Martin	2,556	Rural	5	5	3
12	Sterling City	Sterling	1,081	Rural	4	4	5
12	Thorntonville	Ward	442	Rural	3	3	4
12	Toyah	Reeves	100	Rural	3	3	3
12	West Odessa	Ector	17,799	Urban	5	5	5
12	Wickett	Ward	455	Rural	6	6	3
12	Wink	Winkler	919	Rural	4	4	3
13	Agua Dulce (El Paso)	El Paso	738	Rural	3	3	6
13	Alpine	Brewster	5,786	Rural	6	6	3
13	Anthony	El Paso	3,850	Urban	3	6	4
13	Butterfield	El Paso	61	Rural	3	3	3
13	Canutillo	El Paso	5,129	Urban	4	4	4
13	Clint	El Paso	980	Rural	3	6	4
13	Dell City	Hudspeth	413	Rural	6	6	5
13	El Paso	El Paso	563,662	Urban	5	6	4
13	Fabens	El Paso	8,043	Rural	6	6	3
13	Fort Bliss	El Paso	8,264	Urban	4	3	3
13	Fort Davis	Jeff Davis	1,050	Rural	4	4	6
13	Fort Hancock	Hudspeth	1,713	Rural	5	4	5
13	Homestead Meadows North	El Paso	4,232	Rural	5	5	6
13	Homestead Meadows South	El Paso	6,807	Rural	6	6	5
13	Horizon City	El Paso	5,233	Rural	3	3	4
13	Marathon	Brewster	455	Rural	4	3	5
13	Marfa	Presidio	2,121	Rural	4	5	5
13	Morning Glory	El Paso	627	Rural	3	3	3
13	Prado Verde	El Paso	200	Urban	3	3	6
13	Presidio	Presidio	4,167	Rural	5	5	4
13	Redford	Presidio	132	Rural	3	3	6
13	San Elizario	El Paso	11,046	Urban	3	3	5
13	Sierra Blanca	Hudspeth	533	Rural	4	3	6
13	Socorro	El Paso	27,152	Urban	5	3	6
13	Sparks	El Paso	2,974	Rural	5	5	5
13	Study Butte-Terlingua	Brewster	267	Rural	4	4	3
13	Tornillo	El Paso	1,609	Rural	6	3	4
13	Valentine	Jeff Davis	187	Rural	5	5	3
13	Van Horn	Culberson	2,435	Rural	6	6	3
13	Vinton	El Paso	1,892	Rural	6	6	5
13	Westway	El Paso	3,829	Urban	6	6	5

Draft 2010 HTF Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sharon Gamble via facsimile at (512) 475-4798 or by email at sharon.gamble@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	6	6	4
1	Bailey	3	3	4
1	Briscoe	6	6	4
1	Carson	4	4	4
1	Castro	4	4	4
1	Childress	4	5	3
1	Cochran	4	3	4
1	Collingsworth	4	4	4
1	Crosby	5	5	4
1	Dallam	6	6	4
1	Deaf Smith	3	4	4
1	Dickens	4	4	5
1	Donley	6	6	4
1	Floyd	4	4	3
1	Garza	6	6	6
1	Gray	4	4	5
1	Hale	4	4	4
1	Hall	5	5	4
1	Hansford	4	4	5
1	Hartley	6	6	4
1	Hemphill	5	5	4
1	Hockley	4	4	5
1	Hutchinson	4	5	4
1	Lamb	5	5	4
1	Lipscomb	4	4	5
1	Lubbock	5	5	4
1	Lynn	4	3	4
1	Moore	4	4	3
1	Motley	4	4	3
1	Ochiltree	3	4	3
1	Oldham	6	6	6
1	Parmer	5	5	3
1	Potter	4	4	5
1	Randall	5	5	4
1	Roberts	6	6	4

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Sherman	4	4	4
1	Swisher	4	4	4
1	Terry	4	4	5
1	Wheeler	4	4	4
1	Yoakum	4	4	4
2	Archer	3	3	4
2	Baylor	4	4	3
2	Brown	5	5	5
2	Callahan	4	5	4
2	Clay	6	6	4
2	Coleman	4	4	5
2	Comanche	6	6	5
2	Cottle	4	4	3
2	Eastland	4	4	4
2	Fisher	4	4	3
2	Foard	5	5	5
2	Hardeman	6	6	3
2	Haskell	4	4	5
2	Jack	5	5	6
2	Jones	4	4	5
2	Kent	3	3	4
2	Knox	3	3	5
2	Mitchell	5	5	5
2	Montague	4	4	5
2	Nolan	4	4	4
2	Runnels	5	5	4
2	Scurry	4	4	5
2	Shackelford	4	4	4
2	Stephens	5	4	3
2	Stonewall	4	4	5
2	Taylor	4	4	3
2	Throckmorton	4	4	4
2	Wichita	5	5	4
2	Wilbarger	3	4	4
2	Young	4	4	4
3	Collin	4	4	4
3	Cooke	4	4	4
3	Dallas	4	4	4
3	Denton	4	4	4
3	Ellis	4	5	5
3	Erath	5	5	5
3	Fannin	4	5	4
3	Grayson	4	4	5
3	Hood	4	4	4
3	Hunt	5	4	5
3	Johnson	4	4	4
3	Kaufman	4	5	4
3	Navarro	4	4	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Palo Pinto	5	5	4
3	Parker	5	5	4
3	Rockwall	4	4	4
3	Somervell	4	4	5
3	Tarrant	4	4	4
3	Wise	5	5	5
4	Anderson	4	5	5
4	Bowie	5	4	4
4	Camp	3	4	5
4	Cass	4	4	4
4	Cherokee	4	4	5
4	Delta	6	5	6
4	Franklin	3	5	5
4	Gregg	4	4	4
4	Harrison	4	4	5
4	Henderson	4	5	4
4	Hopkins	4	4	4
4	Lamar	4	4	4
4	Marion	6	6	5
4	Morris	6	6	4
4	Panola	4	4	4
4	Rains	6	6	4
4	Red River	5	4	4
4	Rusk	4	4	4
4	Smith	4	4	4
4	Titus	5	5	5
4	Upshur	4	4	5
4	Van Zandt	5	4	4
4	Wood	5	5	5
5	Angelina	4	5	4
5	Hardin	4	4	4
5	Houston	5	5	5
5	Jasper	3	4	5
5	Jefferson	4	4	4
5	Nacogdoches	5	5	4
5	Newton	5	4	3
5	Orange	4	4	4
5	Polk	5	4	5
5	Sabine	4	4	4
5	San Augustine	6	5	4
5	San Jacinto	4	4	5
5	Shelby	4	4	5
5	Trinity	5	5	6
5	Tyler	5	5	5
6	Austin	4	4	5
6	Brazoria	4	5	4
6	Chambers	5	4	4
6	Colorado	5	4	4

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Fort Bend	4	4	4
6	Galveston	5	5	5
6	Harris	4	4	4
6	Liberty	4	4	5
6	Matagorda	3	4	4
6	Montgomery	5	4	4
6	Walker	6	6	5
6	Waller	4	5	5
6	Wharton	4	4	4
7	Bastrop	4	4	5
7	Blanco	4	4	4
7	Burnet	5	5	5
7	Caldwell	4	4	5
7	Fayette	5	4	5
7	Hays	4	4	5
7	Lee	4	4	3
7	Llano	4	5	4
7	Travis	4	4	4
7	Williamson	5	5	4
8	Bell	4	4	3
8	Bosque	3	4	5
8	Brazos	5	5	5
8	Burleson	5	5	4
8	Coryell	5	5	4
8	Falls	5	4	4
8	Freestone	4	4	5
8	Grimes	4	4	6
8	Hamilton	4	4	5
8	Hill	5	5	5
8	Lampasas	4	4	4
8	Leon	5	5	6
8	Limestone	5	5	4
8	Madison	4	3	4
8	McLennan	4	4	4
8	Milam	5	5	4
8	Mills	4	4	6
8	Robertson	4	4	5
8	San Saba	4	4	3
8	Washington	4	5	6
9	Atascosa	4	4	5
9	Bandera	4	6	6
9	Bexar	4	4	4
9	Comal	4	4	4
9	Frio	4	4	5
9	Gillespie	4	4	5
9	Guadalupe	4	4	5
9	Karnes	5	4	4
9	Kendall	4	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Kerr	6	6	6
9	Medina	5	5	5
9	Wilson	5	5	4
10	Aransas	4	4	6
10	Bee	4	4	5
10	Brooks	4	3	5
10	Calhoun	5	5	4
10	DeWitt	5	5	5
10	Duval	4	4	4
10	Goliad	3	4	6
10	Gonzales	4	4	5
10	Jackson	4	4	4
10	Jim Wells	4	4	4
10	Kleberg	5	6	5
10	Lavaca	5	5	4
10	Live Oak	5	5	4
10	Nueces	4	4	4
10	Refugio	5	5	5
10	San Patricio	4	5	4
10	Victoria	5	5	4
11	Cameron	4	4	4
11	Dimmit	5	5	4
11	Edwards	5	4	5
11	Hidalgo	4	5	5
11	Jim Hogg	4	4	5
11	Kinney	4	4	4
11	La Salle	4	4	3
11	Maverick	4	4	4
11	Real	6	6	6
11	Starr	4	4	5
11	Uvalde	5	5	5
11	Val Verde	4	4	4
11	Webb	4	4	4
11	Willacy	4	4	5
11	Zapata	3	4	4
11	Zavala	5	5	5
12	Andrews	5	4	4
12	Coke	6	6	5
12	Concho	6	6	5
12	Crane	6	6	4
12	Crockett	3	4	4
12	Dawson	4	4	4
12	Ector	4	4	4
12	Gaines	4	4	4
12	Howard	4	5	4
12	Irion	3	3	5
12	Kimble	5	5	5
12	Martin	5	5	3

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Mason	6	5	5
12	McCulloch	5	6	6
12	Menard	5	5	6
12	Midland	5	5	4
12	Pecos	3	3	4
12	Reagan	5	5	4
12	Reeves	3	3	4
12	Schleicher	3	3	6
12	Sterling	4	4	5
12	Sutton	3	4	4
12	Terrell	6	5	5
12	Tom Green	6	6	5
12	Upton	4	4	4
12	Ward	5	5	4
12	Winkler	4	4	3
13	Brewster	5	4	4
13	Culberson	6	6	3
13	El Paso	4	4	4
13	Hudspeth	5	4	5
13	Jeff Davis	4	4	4
13	Presidio	4	4	5

OFFICE OF RECOVERY ACT ACCOUNTABILITY AND OVERSIGHT

BOARD ACTION REQUEST

September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of Permission to Negotiate and Contract with One of Several Top Applicants for *Request for Proposals to Provide a Training and Technical Assistance Academy for the Weatherization Assistance Program, #332-RFP9-9008.*

Required Action

Grant permission to negotiate and contract with one of several top applicants for *Request for Proposals to Provide a Training and Technical Assistance Academy for the Weatherization Assistance Program, #332-RFP9-9008.*

Background

On May 1, 2009, the Department submitted the Board-approved *U.S. Department of Energy State Plan for the Weatherization Assistance Program, American Recovery and Reinvestment Act* (the Plan) to the U.S Department of Energy (DOE). DOE approved the Plan on July 10th and the Board approved awards for the majority of the subrecipient allocations on July 30th. The Plan includes funding for a Training and Technical Assistance Academy (Training Academy) to provide a broad range of weatherization-related training required for new and existing subrecipients, subcontractors and Department staff. The Department released the Request for Proposals (RFP) for the Training Academy on July 10th and responses were received on August 7th. The RFP is included in the Board Book. The Scope of Work identified in the RFP included the following:

- Develop curriculum appropriate for subrecipients, subcontractors and Department staff;
- Deliver training across the state from October 19, 2009 through March 2012;
- Determine student eligibility and develop student tests and certifications;
- Collaborate with other government departments and entities;
- Coordinate logistics, registration, and schedules for all trainings; and
- Submit to monitoring, oversight and evaluation.

A team of Department staff has reviewed and scored the eligible proposals based on experience and capacity, curriculum development, work plan and approach, and budget information. Staff is requesting permission from the Board to enter into negotiations and ultimately contract with the top scoring applicant. Note that the top scoring applicant is to remain unidentified at this time in order to preserve the Department's flexibility during the negotiation and awarding process. The top three proposals are listed below in alphabetical order:

- ACS State and Local Solutions
- Austin Community College District
- Texas Institute for Building Technology and Safety

The top three proposals include significant weatherization/building science experience, strong curriculum development and proposed course outlines, comprehensive logistics, and impressive fiscal and management accountability.

Recommendation

Grant permission to negotiate and contract with one of the noted top applicants for the *Request for Proposals to Provide a Training and Technical Assistance Academy for the Weatherization Assistance Program, #332-RFP9-9008.*

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REQUEST FOR PROPOSAL

PROPOSAL NO. 332-RFP9-9008
PROPOSAL DUE 4:00 P.M. 08/07/09
at 221 East 11th Street
Austin, Texas 78701

Request for Proposals to Provide a
Training and Technical Assistance Academy for the
Weatherization Assistance Program

____
Authorized signature **Title** **Date**

FAILURE TO MANUALLY SIGN WILL DISQUALIFY PROPOSAL
VENDOR AGREES TO COMPLY WITH ALL TERMS & CONDITIONS OF THIS RFP.

By signing this proposal, vendor certifies that if a Texas address is shown as the address of the vendor, vendor qualifies as a Texas Resident Bidder as defined in 34 TAC Rule 20.32(68).

Company Name:____

Address:____

City – State –Zip Code:____

Contact Name:____

Phone Number:__(_____)________________ **Fax Number:__(______)______________________**

E-mail:____

Vendor ID #______________________________________
An Identification Number is required to process payment for goods/services purchased against contract awards. The Federal Employers Identification Number (EIN) will be used to establish a Payee ID Number:
PLEASE ENTER YOUR FEDERAL EIN: ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐
Every vendor MUST have an EIN prior to receiving payment under an awarded contract. This is being required in an effort to minimize identity theft. For information on obtaining your EIN, you may call the IRS at 800-829-4933 or visit the following website: http://www.irs.gov/businesses/small/.
Check here if you are a sole ownership or partnership and complete Section 10.4 of the Terms & Conditions: ☐

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
REQUEST FOR PROPOSAL

PROPOSAL NO. 332-IFB9-9008
PROPOSAL DUE 4:00 P.M. 08/07/09
at 221 East 11th Street
Austin, Texas 78701

PREFERENCES: See Section 2.38 of the State of Texas Procurement Manual regarding preferences. Check below to claim a preference under 34 TAC Rule 20.38.

(__) Goods produced or offered by a TX bidder that is owned by a Texas resident service-disabled veteran
(__) Goods produced or offered by a TX bidder that is not owned by a Texas resident service-disabled veteran
(__) Agricultural products grown in TX
(__) Agricultural products offered by TX bidder*
(__) Services offered by a TX bidder that is owned by a Texas resident service-disabled veteran
(__) Services offered by a TX bidder that is not owned by a Texas resident service-disabled veteran
(__) Texas Vegetation Native to the Region
(__) USA produced supplies, materials or equipment
(__) Products of persons with mental or physical disabilities
(__) Products made of recycled, remanufactured, or environmentally sensitive materials including recycled steel
(__) Energy efficient products
(__) Rubberized asphalt paving material
(__) Recycled motor oil and lubricants
(__) Products produced at facilities located on formerly contaminated property
(__) Products and services from economically depressed or blighted areas
(__) Vendors that meet or exceed air quality standards
(__) Recycled or Reused Computer Equipment of Other Manufacturers
(__) Foods of Higher Nutritional Value

Delivery in __________ days, cash discount ______________% _____________days

Award Notice: The State reserves the right to make an award that will serve the best interest of the State and to reject any and all items in the sole discretion of the State.

IF RESPONDING - Each PROPOSAL must be placed in a separate envelope with PROPOSAL due date and PROPOSAL number annotated immediately below return address on SEALED OFFER ENVELOPE.
FAXED RESPONSES WILL NOT BE ACCEPTED FOR THIS RFP

IF RESPONDING, RETURN SEALED RESPONSES TO:
Texas Department of Housing and Community Affairs
Attention: Purchasing #332-RFP9-9008
PO Box 13941, Austin, TX 78711-3941
OR HAND DELIVER TO: 221 East 11th Street (8am-5pm)

OR OVERNIGHT/ EXPRESS MAIL TO: 221 East 11th Street, Austin, TX 78701

IF NOT RESPONDING DO NOT RETURN THIS FORM.
QUOTE F.O.B. DESTINATION for shipment to TDHCA, 221 East 11th Street, Austin TX 78701
FOR ADDITIONAL INFORMATION REGARDING THIS RFO CONTACT: Julie M. Dumbeck @1-512-475-3991 or Sue A. Jaeger @1-512-475-3984 EMAIL: julie.dumbeck@tdhca.state.tx.us or sue.jaeger@tdhca.state.tx.us

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Request for Proposals to Provide a
Training and Technical Assistance Academy for the
Weatherization Assistance Program

I. PURPOSE OF THE REQUEST

The Texas Department of Housing and Community Affairs ("the Department") is requesting proposals to provide a Training and Technical Assistance Academy ("Training Academy") for the Weatherization Assistance Program ("WAP"). Under the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), the Department will receive $326,975,732 in additional funding for WAP for a three-year period. A draft *Texas WAP Plan* to expend Recovery Act funds has been submitted to the U.S. Department of Energy ("DOE"); a copy of this plan can be found online at http://www.tdhca.state.tx.us/recovery/detail-wap.htm. As part of the *Texas WAP Plan*, the Department is exploring the development of a Training Academy for subrecipient, subcontractor and Department staff with guidance from the DOE.

II. OBJECTIVE

The primary objective of this Request for Proposal (RFP) is for the Department to establish a Training Academy that will offer a range of weatherization/energy-efficiency and administrative instruction through a combination of classroom teaching, online instruction and field work. The Training Academy must be available in all areas of Texas and must provide instruction for WAP subrecipients, subcontractors, crew members and Department staff.

III. MINIMUM REQUIREMENTS FOR CONSIDERATION

The successful Training Academy Contractor ("Contractor") will meet the following requirements:

A. Documentation of at least five years experience providing construction-related training. This includes documentation of experience establishing training programs and developing curriculum and course materials. Weatherization/energy-efficiency training experience is not required, but is preferred.
B. Instructors will need a minimum of 5 years experience in weatherization or building science for energy use. They must have classroom and field experience in weatherization or energy efficiency protocols. They must have attended and plan on attending national DOE and weatherization conferences and workshops. Other certifications will be considered, but not required.
C. The Training Academy must have a Lead Safe work practices qualified instructor within six months of the start of instruction.

IV. SCOPE OF WORK

In administering the Training Academy, the Contractor will be required to successfully complete the following requirements to the satisfaction of TDHCA and the DOE.

A. Register with the Texas Secretary of State
    1. The Contractor must register as an entity eligible to transact business in Texas in order to fulfill the duties of the contract. It is expected that Contractor will establish an office in Texas for the duration of the contract period.

B. Design Curriculum for the Training Academy and Ensure Instruction of Courses

1. The development of coursework in cooperation with the Department should include classes which incorporate the following tracks and subjects:
    i. Basic Weatherization including
        1. Principles of Energy
        2. Whole House Diagnostics
        3. Building Inspection and Diagnostics
        4. Building Science
        5. Building Construction and Structural Design
        6. Energy Audit
    ii. Advanced Weatherization including
        1. Building Shell Heat Flow
        2. Air Leakage and Sealing
        3. Insulation
        4. Heating Systems and Cooling Systems
        5. Hazardous Materials, Health and Safety
        6. Mold Mitigation Practices
        7. Lead Safe Weatherization
        8. Computer Training
        9. Consumer Energy Education
        10. Manufactured Housing Weatherization
        11. Auditing Construction Activities
        12. Innovative Techniques in Weatherization
        13. Follow-Up and Maintenance of Weatherization Measures Installed
    iii. Management including
        1. DOE, Low Income Housing Energy Assistance Program ("LIHEAP") and TDHCA Regulations and Reporting
        2. Financial Accountability and Financial, Accounting and Fraud Auditing
        3. Office Operations
        4. Program Administration
2. The coursework must comply with:
    i. DOE, LIHEAP and Investor Owned Utility (IOU) Rules
    ii. DOE Program Notices
    iii. Weatherization Program Contracts
    iv. Internal Residential Code
    v. International Energy Conservation Code
    vi. 10 Code of Federal Regulations (CFR) 440
    vii. 10 CFR 600
    viii. Texas Administrative Code Rules
    ix. Other applicable regulations and standards
3. The Training Academy must comply with training objectives set out in the *Texas WAP Plan*, as approved by the DOE.

C. Ensure the Availability of Continuing Education and Updated Course Materials

1. Because of the evolving weatherization technology, Contractor will need to ensure a method to stay abreast of new technologies and to offer innovative courses in a continuing education model. Every year, Contractor must contact the Department and subrecipients to identify any training needs not currently met at the Training Academy. In addition, Contractor will utilize input from TDHCA staff and subrecipient monitoring reports to determine areas of additional training need. Contractor must make efforts to address those identified needs.

2. Within the first three months of the Training Academy contract, Contractor will update the *Texas Weatherization Field Guide* and *Texas Weatherization Mechanical Field Guide* in cooperation with the Department. Contractor will perform regular updates of these guides each year, with approval of the Department.

D. Participate in Community Affairs Training Conferences and Cluster Workshops
   1. The Community Affairs Division within the Department will periodically host training conferences, at which Contractor may be required to present a one-day or half-day introduction to weatherization modeled on the Basic Weatherization course material created by Contractor.
   2. Cluster workshops, as specified in the *Texas WAP Plan,* must be offered through the Training Academy. The cluster workshops will be offered throughout the program year to continue training the subrecipients on heating and cooling systems, Lead Safe work practices, manufactured housing, other health and safety issues and material installation techniques. Expert trainers will be used for these topics. The cluster workshops will include, at a minimum:
      i. Manufactured Housing Training (Annually: 12 workshops lasting 3 days)
      ii. Heating Ventilation and Air Conditioning services (Annually: 12 workshops lasting 3 days)
      iii. Lead Safe Weatherization Training Services (Annually: 14 workshops lasting 1 day each)

E. Provide Adequate Training and Develop Test Requirements and Certifications for Five Audiences
   1. Contractor will be responsible for designing curriculum and offering training to WAP subrecipients, subcontractors, crew members, Department trainers and Department monitors. The five audiences have responsibilities and certification training needs as follows:
      i. Subrecipients receive WAP funding from the Department. They administer the weatherization program by processing applications from potential clients; performing the housing units' assessment, including an energy audit, as required; releasing work orders to the subcontractor; and assessing the housing units after the subcontractor's work is complete. Subrecipients are responsible for all federal and state regulations and processing paperwork. The Training Academy must offer courses to prepare the subrecipient inspectors for appropriate certification.
      ii. Subcontractors oversee and coordinate the weatherization activities including, but not limited to, whole house diagnostics; Heating and Ventilation/Air Conditioning services; air sealing, duct work; dry wall; minor carpentry; minor painting; and insulation installation. The Training Academy must offer courses to prepare the subcontractors appropriate certification.
      iii. Crew perform the weatherization work including but not limited to Heating and Ventilation/Air Conditioning services, air sealing, duct work, dry wall, minor carpentry, minor painting and insulation installation.
      iv. Department trainers provide technical assistance both to the subrecipient and the subcontractor. They need to be well versed in all the duties of the subrecipients and the subcontractors as well as in the federal regulations governing the programs. The Training Academy must offer appropriate certification to all Department trainers. The Department estimates four new trainers during the first year and one new trainer each of the following years.

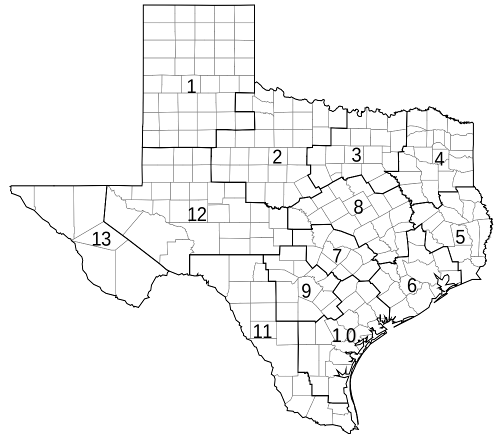
v. Department monitors will ensure that subrecipients and subcontractors perform their work adequately and in accordance with all applicable rules and regulations. They need to understand the duties of the subrecipients and the subcontractors, but do not need as much technical knowledge as Department trainers.

2. While it is difficult to anticipate the number of students that will attend the Training Academy, Contractor can use the following estimates to plan for adequate training:
   i. 100 to 200 new subrecipient staff during the first year of the program, with an estimated 10 to 15 percent turnover rate the following years.
   ii. 30 to 75 new subcontractors during the first year and an estimated 10 to 15 percent turnover rate for the following years.
   iii. 300 to 500 additional crew members during the first year, with an estimated 20 to 25 percent turnover rate for the following years.
   iv. 5 new monitors during the first year and 1 new monitor each of the following years.
3. Contractor must develop with the Department a series of technology and protocol tests that students must pass upon completion of coursework. Field work testing will be required of audiences that will work in the field.
4. Contractor must work in conjunction with the Department to develop certifications for different skill sets learned after completing training (e.g. Weatherization Energy Auditor Certification). These certifications will not be required after completion of classes, but may be required in the future.

F. Determine Student Eligibility for Training
1. Contractor will offer training free of charge to WAP subrecipients, subcontractors, crew members and Department staff. Contractor must develop a plan for validating eligibility for free training and a cost model for training of students who are not WAP recipients or working in the Department.

G. Collaborate with Other Government Departments and Entities
1. Collaboration with local school systems, community colleges or technical schools is strongly encouraged.
2. Contractor must work with the Texas Department of Health to develop and teach procedures on mold conditions.
3. Contractor must work with the DOE to ensure accurate reporting requirements are met and up-to-date weatherization/energy-efficient techniques are taught.
4. Contractor staff must attend annual National DOE Conferences and other national weatherization/energy-efficiency conferences as appropriate.

H. Coordinate Trainings Locations and Schedules
1. The Training Academy will act as the central clearinghouse and registration repository for all trainings times, dates and instructors for WAP. This includes trainings not conducted through the Training Academy, such as Department trainer instruction performed at a subrecipient's location.
2. Contractor will create and maintain a "one-stop," user-friendly informational website and toll-free phone number with information on training times, locations and class registration.
3. Contractor must develop schedules to ensure the timely commencement and completion of training to support WAP.
   i. Contractor must secure local training facilities in at least 6 of the Texas 13 service regions. A map showing the 13 service regions is as follows:



I. Conduct All Internal Administration
   1. Contractor must provide adequate and effective management, key personnel with project management experience and staffing for administration of the Training Academy.
   2. Contractor must develop administrative systems that provide necessary “back room” operations including data systems, information systems and communication systems.
   3. Contractor must ensure that expenditures of the Training Academy are reasonable and related to providing training. Any question of reasonable expense will be determined by the Department.

J. Regulate Timing, Location and Class Size of Training
   1. Use of online course material or recorded material is encouraged when appropriate for the subject matter. Hands-on field instruction is required.
   2. Training will be offered in three scheduling phases, depending on the WAP contract period.
      i. The intensive training schedule will offer basic weatherization every other week, advanced courses every other week and management courses every three weeks. The intensive training schedule must be offered at least two times during the WAP contract period. The first intensive training schedule will be offered approximately for sixteen months after the WAP contracts are awarded.
      ii. A moderate training schedule will be offered throughout the Recovery Act contract period of three years when the intensive training schedule is not in use. The moderate training schedule will offer basic weatherization once a month, advanced weatherization once a month and management courses every other month.
   3. When determining how many classes are needed, class size must be taken into consideration. Classroom training may have approximately 24 students. Field training may have approximately 8 students. There is no limit to internet class sizes.

K. Prepare and Submit Deliverables
   1. Contractor will be responsible for the following deliverables as indicated in the Scope of Work:
      i. Curriculum and course materials for the Training Academy, updated as needed;
      ii. Current list of instructors and staff including their experience and qualifications;

iii. Schedule, including dates and locations, of trainings available;
iv. Informational website and toll-free phone number;
v. Verification of student eligibility for the Training Academy;
vi. Evidence of collaboration with other government departments and entities;
vii. Training at Training Academy, presentations at training conferences and training at cluster workshops;
viii. Technology and protocol tests for students to pass upon completion of coursework;
ix. Certifications for five audiences;
x. *Texas Weatherization Field Guide* and *Texas Weatherization Mechanical Field Guide*, updated each year;
xi. Self evaluation and evaluation by students; and
xii. Status reports.

L. Submit to Oversight and Evaluation

1. The Training Academy will be subject to oversight, monitoring and evaluation by the Department and other state and federal agencies.
2. The Training Academy will annually review its training activities and compare those to the subrecipient monitoring reports and the annual analysis of an in-house evaluation study.
3. The Training Academy must submit status reports as requested by the Department. These reports will be required at least quarterly and will include, at a minimum, the type and frequency of classes offered, the location of the classes, the number of people trained including their role in the WAP process and the number of certifications awarded.
4. The Training Academy must engage in evaluation by students. Student evaluation will be gathered through surveys and evaluation forms distributed at all training sessions. The training staff will conduct periodic surveys with oversight by the Department to solicit input from subrecipients as to their training needs. Evaluation summaries must be provided to the Department.
5. Contractor must develop internal control procedures to test the effectiveness of the training.

V. RESPONSE TIME FRAME AND OTHER INFORMATION

Posting date for RFP:	July 10, 2009
Deadline for questions:	July 31, 2009, 5:00 P.M.
Response due date:	August 7, 2009, 4:00 P.M.
In-person presentation:	August 13-18, 2009
Intensive Training Schedule begins:	October 19, 2009
End of Training Academy	March 30, 2012

Proposals must comply with rules and statutes relating to purchasing in the State of Texas. Late and/or unsigned proposals will not be considered. The person submitting the proposal must have the authority to bind the organization in a contract. Submissions received after 4:00PM (CST) on the due date will not be considered.

One (1) original and (3) three hard copies of the proposal should be delivered to the following address (facsimiles will not be accepted):

<u>Mailing Address</u>:
Texas Department of Housing and Community Affairs
Attn: Purchasing #332-RFP9-9008
PO Box 13941
Austin, TX 78711-3941

<u>Overnight/Hand Delivery Address</u>:
Texas Department of Housing and Community Affairs
Attn: Purchasing #332-RFP9-9008
221 East 11th Street
Austin, TX 78701

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

It is the express policy of the Department that parties responding to this request refrain from initiating any direct contact or communication with members of the Board of Directors with regard to this RFP during the selection process. Any violation of this policy will be considered a basis for disqualification.

Additional information regarding this RFP may be obtained from Julie Dumbeck at the Department. All requests must be in writing to julie.dumbeck@tdhca.state.tx.us (email) or via facsimile (512) 475-2672. The deadline for questions is July 31, 2009. All questions and responses will be made available via the Department's website (www.tdhca.state.tx.us) and via the Electronic State Business Daily at (www.esbd.cpa.state.tx.us) and will be subject to disclosure under the Public Information Law.

The Department shall not be obligated to proceed with any action and may decide it is in the Department's best interest to refrain from pursuing any selection process.

VI. RESPONSE FORMAT

A. Each item in Section VIII of this Request for Proposals must be addressed.
B. Identify the item to be addressed in the introduction to each response.
C. Please limit your response to 20 pages of text with additional information such as sample work, additional resumes and references submitted in appendix form.

PROPOSAL OPENING. Proposals will be opened at the TDHCA Headquarters located at 221 East 11th Street Austin, TX 78701.
All submitted Proposals become the property of TDHCA after the RFP submittal deadline/opening date. Proposals submitted shall constitute an offer for a period of ninety (90) days or until selection is made by TDHCA, whichever occurs earlier.

VII. PROPOSAL CONTENT

A. General Information
   Provide information regarding the applicant including, but not limited to:
   1. Resumes of personnel coordinating and offering instruction in the Training Academy;

2. Technical experience in construction-related training (weatherization/energy-efficiency training experience preferred);
3. Documentation of minimum threshold qualifications for award, including status as a Texas corporation, sufficient financial and management resources, and capability to perform;
4. Description of training similar in size and scope to that required by this RFP; and
5. Description of experience with federal and state agencies.

B. Course Outlines
   1. Provide a sample curriculum for each of the five audiences including a brief description of each of the classes;
   2. Provide a list of topics Contractor will cover at Community Affairs Training Conferences;
   3. Provide a sample curriculum for cluster workshops; and
   4. Demonstrate the ability to identify continuing education course topics and updated course materials.

C. Work Plan and Approach
   1. Describe the methodology for designing curricula appropriate to each of the target audiences;
   2. Describe the plan to determine and verify student eligibility;
   3. Describe the process of identifying, contracting and maintaining a relationship with other government departments and entities;
   4. Propose how your organization will be the central point of contact for all training-related questions, scheduling and facility reservations;
   5. Provide a timeline illustrating when milestones will be met, including curriculum development, start and end of the different phases of instruction, certifications or affiliations received by the Training Academy and instructors, estimates of number of students receiving instruction and certifications, and other milestones as necessary;
   6. Given the large number of students to be trained over a short time period, provide a proposed work plan with specific dates and locations for the intensive training phase;
   7. Describe the process of securing and maintaining training facilities in 6 of the 13 service regions of Texas; and
   8. Describe your organization's plan for managing and monitoring the Training Academy to ensure the delivery of quality classroom and hands-on field instruction as well as administrative and financial accountability.

D. Proposed Budget

   Provide a proposed itemized cost schedule for the Training Academy. The budget should identify a project budget for course-related expenses and administrative fees. To take into account the variance in the estimated number of students, the proposed course-related expenses should make a distinction between coursework development and delivery of instruction. Proposed budgets can include research and development, administration costs, facility rental costs, material costs and instructors' salaries.

VIII. IN-PERSON PRESENTATION

An in-person presentation will be requested of the top proposals. Applicants will be notified of the date and time the presentation is scheduled. All presentations will be conducted at Department offices in Austin, Texas. Respondents will be responsible for their own travel expenses.

IX. SELECTION PROCEDURE

Proposals will be referred to a panel of Department staff for evaluation and scoring. Staff will review proposals for compliance with the proposal content requirements and the potential for fulfillment of the scope of work criteria described herein. To assist in the preparation of the proposal, established criteria for review are provided below (weighted values in parentheses). *The total number of possible points to receive is 105.*

A. Evidence of respondent's experience and capacity to develop and conduct training (20 points).
B. Submission of comprehensive course outlines for the specific audiences, Community Services Training Conferences and cluster workshops (30 points).
C. Evidence that the work plan and approach (e.g. plans for collaboration, scheduling and accreditation) are appropriate and realistic for the aims of the Training Academy (30 points).
D. A budget and explanation for the scope and quality needed for successful completion of the project (20 points).
E. In person presentation (5 points).

X. WORK MADE FOR HIRE

All work performed pursuant to this agreement specifically including all deliverables developed or prepared for Department is the exclusive property of the State of Texas. All right, title and interest in and to said property shall vest in the State of Texas and shall be deemed to be a work made for hire and made in the course of the services rendered pursuant to this agreement. To the extent that title to any work may not, by operation of law, vest in the State of Texas or such work that may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to the State of Texas.

The Department and/or the State of Texas shall have the right to obtain and to hold in its own name, copyrights, registrations, or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor agrees to give Department and/or the State of Texas and any person designated by the Department and/or the State of Texas, reasonable assistance required to assert the rights defined in this paragraph.

XI. LICENSE AGREEMENT

The Department shall grant to the awarded contractor a non-exclusive, irrevocable, world-wide, royalty-free, license to use, reproduce, distribute and display the materials created pursuant to this agreement, subject to the following terms and conditions.

Each copy of the materials that the contractor distributes shall indicate on the cover that the creation of the material was funded by the Texas Department of Housing and Community Affairs. The contractor agrees that it will not charge a fee for the distribution of the materials, except to recover actual duplication and mailing costs. Contractor shall not create derivatives of or modify the content of the materials except with the express written consent of the Department.

Failure to comply with the terms of this license may result in immediate termination of the license agreement by the Department. Upon termination of this license agreement, contractor shall return the remaining materials to the Department, or shall destroy or distribute them, in accordance with the instructions of the Department

XII. OPEN RECORDS

Information submitted to the Department is public information and is available upon request in accordance with the Texas Public Information Act, chapter 552 of the Government Code (the "Act"). An applicant submitting any information it considers confidential as to trade secrets or commercial or financial information, which it desires not to be disclosed, must clearly identity all such information in its proposal. If information so identified by an applicant is requested from the Department, the applicant will be notified and given an opportunity to present its position to the Texas Attorney General, who shall make the final determination as to whether such information is excepted from disclosure under the Act. Information not clearly identified as confidential will be deemed to be non-confidential and will be made available by the Department upon request.

XIII. STANDARD TERMS AND CONDITIONS

A. Historically Underutilized Businesses (HUB) Subcontracting Plan.
The HUB Subcontracting Plan (the "Plan") shall be completed, signed, and returned with the Proposal. Include all subcontractors on the Plan; state whether each subcontractor has been certified as a HUB by the State of Texas; and if certified, provide the most recent date of certification. Complete the remainder of the Plan forms as directed. Failure to complete and return the Plan with the submitted Proposal will result in rejection of the Proposal. ***Attachment A*** contains a list of possible subcontracting areas that the vendor may utilize. The vendor may subcontract any work and is not limited to the areas listed in ***Attachment A***.

GOOD FAITH EFFORT TO UTILIZE CERTAIN SUBCONTRACTORS*:* In accordance with the Texas Government Code, Chapter 2161, Subchapter F, § 2161.251 all contracts with expected value of at least $100,000 including goods, services, public construction (excepting federally funded contracts if federal law prohibits application) must include a Historically Underutilized Business (HUB) Subcontracting Plan. The HUB Subcontracting Plan Form with instructions is a separate document and attached with this Request for Proposal. The vendor may specify reasonable experience and capacity criteria for subcontractors in order to ensure their ability to perform if selected.

B. Personnel.
Contractor shall assign only qualified personnel to this Contract. Contractor, in its reasonable discretion, reserves the right to substitute appropriate key personnel to accomplish its duties so long as the substituted personnel are equally qualified and skilled in the tasks necessary to accomplish the tasks and services required. Contractor shall provide to TDHCA prior written notice of any proposed change in key personnel involved in providing services under this Contract.

Subcontractors providing services under the Contract shall meet the same requirements and level of experience as required of Contractor. No subcontract under the Contract shall relieve Contractor of responsibility for ensuring the requested services are provided. If Contractor uses a subcontractor for any or all of the work required, the following conditions shall apply:

(a) Contractors planning to subcontract all or a portion of the work to be performed shall identify the proposed subcontractors.

(b) Subcontracting shall be solely at Contractor's expense.

(c) TDHCA retains the right to check subcontractor's background and approve or reject the use of submitted subcontractors.

(d) Contractor shall be the sole contact for TDHCA. Contractor shall list a designated point of contact for all TDHCA inquiries.

C. Payments.

Prior to authorizing payment to Contractor, *TDHCA* shall evaluate Contractor's performance using the performance standards set forth in all documents constituting this Contract. Contractor shall provide invoices to *TDHCA* for Services performed. Invoices must be submitted not later than the fifteenth (15^{th}) day of the month after the Services are completed. No payment whatsoever shall be made under this contract without the prior submission of detailed, correct invoices. Subject to the foregoing, *TDHCA* must make all payments in accordance with the Texas Prompt Payment Act, *Government* Code, Chapter 2251. Payments under this Contract are subject to the availability of appropriated funds. Contractor acknowledges and agrees that payments for services provided under this Contract are contingent upon *TDHCA* receipt of funds appropriated by the Texas Legislature.

D. Term and Termination.

This Contract shall become effective on the date signed by the appropriate official of *TDHCA* and shall terminate approximately on June 30, 2012, unless otherwise sooner terminated as provided in this Contract. The parties may mutually agree to extend the contract for a maximum of one year per renewal for three (3) consecutive renewal years by ninety (90) days written notice prior to expiration. Notwithstanding the termination or expiration of this Contract, the provisions of this Contract regarding confidentiality, indemnification, transition, records, right to audit and independent audit, property rights, dispute resolution, invoice and fees verification, and default shall survive the termination or expiration dates of this Contract. *TDHCA* may, in its sole discretion or due to failure to perform, terminate this Contract upon thirty (30) days' written notice to Contractor. Such notice may be provided by facsimile or certified mail; return receipt requested and is effective upon Contractor's receipt.

E. Confidentiality and Open Records.

Notwithstanding any provisions of this Contract to the contrary, Contractor understands that *TDHCA* will comply with the Texas Public Information Act, Government Code, Chapter 552 as interpreted by judicial opinions and opinions of the Attorney General of the State of Texas. *TDHCA* agrees to notify Contractor in writing within a reasonable time from receipt of a request for information related to Contractor's work under this contract. Contractor will cooperate with *TDHCA* in the production of documents responsive to the request. *TDHCA* will make a determination whether to submit a Public Information Act request to the Attorney General. Contractor will notify *TDHCA* General Counsel within twenty-four (24) hours of receipt of any third party requests for information that was provided by the State of Texas for use in performing the Contract. This Contract and all data and other information generated or otherwise obtained in its performance may be subject to the Texas Public Information Act. Contractor agrees to maintain the confidentiality of information received from the State of Texas during the performance of this Contract, including information which discloses confidential personal information particularly, but not limited to, social security numbers.

F. INDEMNIFICATION.

CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE STATE OF TEXAS, ITS OFFICERS, AND EMPLOYEES, AND *TDHCA*, ITS OFFICERS, AND EMPLOYEES AND CONTRACTORS, FROM AND AGAINST ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES, AND LIABILITIES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND COURT COSTS, ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY ACTS OR OMISSIONS OF CONTRACTOR OR ANY AGENT, EMPLOYEE, SUBCONTRACTOR, OR SUPPLIER OF CONTRACTOR IN THE EXECUTION OR PERFORMANCE OF THIS CONTRACT. CONTRACTOR SHALL COORDINATE ITS DEFENSE WITH THE TEXAS ATTORNEY GENERAL AS REQUESTED BY *TDHCA*.

THIS PARAGRAPH IS NOT INTENDED TO AND SHALL NOT BE CONSTRUED TO REQUIRE CONTRACTOR TO INDEMNIFY OR HOLD HARMLESS THE STATE OR *TDHCA* FOR ANY CLAIMS OR LIABILITIES RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF *TDHCA* OR ITS EMPLOYEES.

G. Dispute Resolution.

The dispute resolution process provided for in Texas *Government* Code, Chapter 2260 shall be used by TDHCA and Contractor to resolve any dispute arising under the Contract.

H. Representations, Warranties, and General Provisions.

1. Family Code.
Under §231.006 of the Texas Family Code (relating to child support), Contractor represents and warrants that Contractor is not ineligible to receive the specified payment and acknowledges that this Contract may be terminated and payment withheld if this representation and warranty is inaccurate.

2. Eligibility.
Under the Texas Government Code, § 2155.004 (relating to certain taxes), Contractor represents and warrants that Contractor is not ineligible to receive this Contract and acknowledges that this Contract may be terminated and payment withheld if this representation and warranty is inaccurate. Contractor represents and warrants that it is not delinquent in the payment of any franchise taxes owed the State of Texas.

3. Liability for Taxes.
Contractor represents and warrants that it shall pay all taxes or similar amounts resulting from this Contract, including, but not limited to, any federal, State, or local income, sales or excise taxes of Contractor or its employees. *TDHCA* shall not be liable for any taxes resulting from this Contract.

4. HUBs.
Contractor represents and warrants that it shall comply with the Historically Underutilized Business requirements pursuant to Government Code, Chapter 2261.

5. Amendments.
Except as provided in Section 11.12 of this Contract, this Contract may be amended only upon written agreement between *TDHCA* and Contractor; however, any amendment of this Contract that conflicts with the laws of the State of Texas shall be void *ab initio*.

6. Applicable Law; Venue.
This Contract shall be governed by and construed in accordance with the laws of the State of Texas. The venue of any suit arising under this Contract is fixed in any court of competent jurisdiction of Travis County, Texas.

7. Strict Compliance.
Time is of the essence in the performance of this Contract. Contractor shall strictly comply with all of the deadlines, requirements, and Standards of Performance for this Contract.

8. Assignments.
Without the prior written consent of *TDHCA* Contractor may not assign this Contract, in whole or in part, and may not assign any right or duty required under it.

9. Partially Completed Work.
No later than the first calendar day after the termination of this Contract, or at *TDHCA* request, Contractor shall deliver to *TDHCA* all completed, or partially completed, work and any and all documentation or other products and results of these services. Failure to timely deliver such work or any and all documentation or other products and results of the services shall be considered a material breach of this Contract. Contractor shall not make or retain any copies of the work or any and all documentation or other products and results of the services without the prior written consent of the *TDHCA*.

10. Federal, State, and Local Requirements.
Contractor shall demonstrate on-site compliance with the Federal Tax Reform Act of 1986, §1706, amending §530 of the Revenue Act of 1978, dealing with issuance of Form W-2's to common law

employees. Contractor is responsible for both federal and State unemployment insurance coverage, liability insurance coverage and standard Worker's Compensation Insurance coverage. Contractor shall comply with all federal and State tax laws and withholding requirements. The State of Texas shall not be liable to Contractor or its employees for any Unemployment or Workers' Compensation coverage, or federal or State withholding requirements. Contractor shall indemnify the State of Texas and shall pay all costs, penalties, or losses resulting from Contractor's omission or breach of this section.

11. **Severability Clause.**
    In the event that any provision of this Contract is later determined to be invalid, void, or unenforceable, then the remaining terms, provisions, covenants, and conditions of this Contract shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated.

12. **Applicable Law and Conforming Amendments.**
    Contractor must comply with all laws, regulations, requirements and guidelines applicable to a Contractor providing services to the State of Texas as these laws, regulations, requirements and guidelines currently exist and as they are amended throughout the term of this Contract. *TDHCA* reserves the right, in its sole discretion, to unilaterally amend this Contract throughout its term to incorporate any modifications necessary for *TDHCA* or Contractor's compliance with all applicable State and federal laws, and regulations.

13. **No Waiver.**
    Nothing in this Contract shall be construed as a waiver of the state's sovereign immunity. This Contract shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to the State of Texas. The failure to enforce, or any delay in the enforcement, of any privileges, rights, defenses, remedies, or immunities available to the State of Texas under this Contract or under applicable law shall not constitute a waiver of such privileges, rights, defenses, remedies, or immunities or be considered as a basis for estoppel. *TDHCA* does not waive any privileges, rights, defenses, or immunities available to *TDHCA* by entering into this Contract or by its conduct prior to or subsequent to entering into this Contract.

14. **No Liability Upon Termination.**
    If this Contract is terminated for any reason, *TDHCA* and the State of Texas shall not be liable to Contractor for any damages, claims, losses, or any other amounts arising from or related to any such termination. However, Contractor may be entitled to the remedies provided in Government Code, Chapter 2260.

15. **Independent Contractor.**
    Contractor or Contractor's employees, representatives, agents and any subcontractors shall serve as an independent contractor in providing the services under any PO resulting from this RFP. Contractor or Contractor's employees, representatives, agents and any subcontractors shall not be employees of *TDHCA*. Should Contractor subcontract any of the services required in this RFP, Contractor expressly understands and acknowledges that in entering into such subcontract(s), *TDHCA* is in no manner liable to any subcontractor(s) of Contractor. In no event shall this provision relieve bidder of the responsibility for ensuring that the services rendered under all subcontracts are rendered in compliance with this RFP.

16. **Limitation on Authority; No Other Obligations.**
    Contractor shall have no authority to act for or on behalf of *TDHCA* or the State of Texas except as expressly provided for in this Contract; no other authority, power or use is granted or implied. Contractor may not incur any debts, obligations, expenses, or liabilities of any kind on behalf of the State of Texas or *TDHCA*

17. **Patent, Trademark, Copyright and Other Infringement Claims.**
    Contractor shall indemnify, save and hold harmless the State of Texas from and against claims of patent, trademark, copyright, trade secret or other proprietary rights, violations or infringements arising

from the State's or Contractor's use of or acquisition of any services or other items provided to the State of Texas by Contractor or otherwise to which the State of Texas has access as a result of Contractor's performance under this Contract, provided that the State shall notify Contractor of any such claim within a reasonable time of the State's receiving notice of any such claim. If Contractor is notified of any claim subject to this section, Contractor shall notify *TDHCA* of such claim within five (5) business days of such notice. No settlement of any such claim shall be made by Contractor without *TDHCA* prior written approval. Contractor shall reimburse the State of Texas for any claims, damages, losses, costs, expenses, judgments or any other amounts, including, but not limited to, attorneys' fees and court costs, arising from any such claim. Contractor shall pay all reasonable costs of the State's counsel and shall also pay costs of multiple counsel, if required to avoid conflicts of interest. Contractor represents that it has determined what licenses, patents and permits are required under this Contract and has acquired all such licenses, patents and permits.

18. Supporting Documents, Retention; Right to Audit; Independent Audits.
Contractor shall maintain and retain supporting fiscal and any other documents relevant to showing that any payments under this Contract funds were expended in accordance with the laws and regulations of the State of Texas, including but not limited to, requirements of the Comptroller of the State of Texas and the State Auditor. Contractor shall maintain all such documents and other records relating to this Contract and the State's property for a period of four (4) years after the date of submission of the final invoices or until a resolution of all billing questions, whichever is later. Contractor shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all documents and other information related to the "Work" as defined in paragraph 11.30 of this Contract. Contractor and the subcontractors shall provide the State Auditor with any information that the State Auditor deems relevant to any investigation or audit. Contractor must retain all work and other supporting documents pertaining to this Contract, for purposes of inspecting, monitoring, auditing, or evaluating by *TDHCA* and any authorized agency of the State of Texas, including an investigation or audit by the State Auditor. Contractor shall cooperate with any authorized agents of the State of Texas and shall provide them with prompt access to all of such State's work as requested. Contractor's failure to comply with this section shall constitute a material breach of this Contract and shall authorize the *TDHCA* and the State of Texas to immediately assess appropriate damages for such failure. The acceptance of funds by Contractor or any other entity or person directly under this Contract, or indirectly through a subcontract under this Contract, shall constitute acceptance of the authority of the State Auditor to conduct an audit or investigation in connection with those funds. Contractor acknowledges and understands that the acceptance of funds under this Contract shall constitute consent to an audit by the State Auditor, Comptroller or other agency of the State of Texas. Contractor shall ensure that this paragraph concerning the State's authority to audit funds received indirectly by subcontractors through Contractor and the requirement to cooperate is included in any subcontract it awards. Furthermore, under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit.

19. Deceptive Trade Practices; Unfair Business Practices.
Contractor represents and warrants that it has not been the subject of allegations of Deceptive Trade Practices violations under Tex. Bus. & Com. Code, Chapter 17, or allegations of any unfair business practice in any administrative hearing or court suit and that Contractor has not been found to be liable for such practices in such proceedings. Contractor certifies that it has no officers who have served as officers of other entities who have been the subject allegations of Deceptive Trade Practices violations or allegations of any unfair business practices in an administrative hearing or court suit and that such officers have not been found to be liable for such practices in such proceedings.

20. Equal Opportunity.
Contractor represents and warrants that it shall not discriminate against any person on the basis of race, color, national origin, creed, religion, political belief, sex, sexual orientation, age, and disability in the performance of this Contract.

21. **Antitrust.**
Contractor represents and warrants that neither Contractor nor any firm, corporation, partnership, or institution represented by Contractor, or anyone acting for such firm, corporation or institution has (1) violated the antitrust laws of the State of Texas under Tex. Bus. & Com. Code, Chapter 15, or the federal antitrust laws; or (2) communicated directly or indirectly the Proposal to any competitor or any other person engaged in such line of business during the procurement process for this Contract.

22. **No Conflicts.**
Contractor represents and warrants that Contractor has no actual or potential conflicts of interest in providing services to the State of Texas under this Contract and that Contractor's provision of services under this Contract would not reasonably create an appearance of impropriety.

23. **Financial Interests; Gifts.**
Contractor represents and warrants that neither Contractor nor any person or entity that will participate financially in this Contract has received compensation from *TDHCA* or any agency of the State of Texas for participation in preparation of specifications for this Contract. Contractor represents and warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this Contract.

24. **Felony Criminal Convictions.**
Contractor represents and warrants that Contractor has not and Contractor's employees have not been convicted of a felony criminal offense, or that, if such a conviction has occurred, Contractor has fully advised *TDHCA* as to the facts and circumstances surrounding the conviction.

25. **Notices.**
Any written notices required under this Contract will be by either hand delivery to Contractor's office address specified on Page 1 of this Contract or by U.S. Mail, certified, return receipt requested, to Texas Department of Housing and Community Affairs, PO Box 13941, Austin, TX 78711-3911. Notice will be effective on receipt by the affected party. Either party may change the designated notice address in this section by written notification to the other party.

26. **False Statements; Breach of Representations.**
By signature to this Contract, Contractor makes all the representations, warranties, guarantees, certifications and affirmations included in this Contract. If Contractor signed its Proposal with a false statement or signs this Contract with a false statement or it is subsequently determined that Contractor has violated any of the representations, warranties, guarantees, certifications or affirmations included in this Contract, Contractor shall be in default under this Contract and *TDHCA* may terminate or void this Contract for cause and pursue other remedies available to *TDHCA* under this Contract and applicable law.

27. **Force Majeure.**
Contractor(s) understands that they will be delivering and providing units under emergency or post emergency conditions and they are committed to providing these units in spite of those conditions. Neither Contractor nor *TDHCA* shall be liable to the other for any delay in, or failure of performance, of any requirement included in any PO resulting from this RFP caused by *force majeure*. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. The Vendor must inform TDHCA in writing, with proof of receipt, as soon as possible, in any event within three (3) hours, of the existence of such *force majeure*, or otherwise waive this right as a defense.

28. **Debts or Delinquencies to State.**
The Comptroller is prohibited from issuing any payment to a person or entity that has been reported as having an indebtedness or delinquency to the state. Contractor agrees that, to the extent Contractor

owes any debt or delinquent taxes to the State of Texas, any payments or other amounts Contractor is otherwise owed under this Contract shall be applied toward the debt or delinquent taxes until the debt or delinquent taxes are paid in full. Contractor agrees to comply with all applicable laws regarding satisfaction of debts or delinquencies to the State of Texas.

29. Contracts for Services.
In accordance with Government Code, §2155.4441, the State of Texas requires that during the performance of a contract for services, Contractor shall purchase products and materials produced in the State of Texas when available at a price and time comparable to products and materials produced outside the state.

30. Work Made for Hire.
For the purposes of this Contract, the term "Work" is defined as all reports, statistical analyses, work papers, work products, materials, approaches, designs, specifications, systems, documentation, methodologies, concepts, research materials, intellectual property or other property developed, produced, or generated in connection with this Contract. All work performed pursuant to this Contract is made the exclusive property of *TDHCA*. All right, title and interest in and to said property shall vest in *TDHCA* upon creation and shall be deemed to be a work for hire and made in the course of the services rendered pursuant to this Contract. To the extent that title to any such work may not, by operation of law, vest in *TDHCA*, or such work may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to *TDHCA*.

TDHCA shall have the right to obtain and to hold in its name any and all patents, copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor must give *TDHCA* and/or the State of Texas, as well as any person designated by *TDHCA* and/or the State of Texas, all assistance required to perfect the rights defined herein without any charge or expense beyond those amounts payable to Contractor for the services rendered under this Contract.

31. Electronic and Information Resources Accessibility Standards, As Required by 1 TAC Chapter 213 (Applicable to State Agency and Institution of Higher Education Purchases Only).
(1) Effective September 1, 2006 state agencies and institutions of higher education shall procure products which comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation.

(2) Vendor shall provide DIR with the URL to its Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under §508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration "Buy Accessible Wizard" (http://www.buyaccessible.gov). Vendors not listed with the "Buy Accessible Wizard" or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format. Additional information regarding the "Buy Accessible Wizard" or obtaining a copy of the VPAT is located at http://www.section508.gov/.

32. Default.
If Contractor is found to be in default under any provision of this Contract, *TDHCA* may cancel the Contract without notice and either re-solicit or award the contract to the next best responsive and responsible Respondent. In the event of abandonment or default, Contractor will be responsible for paying damages to *TDHCA* including but not limited to re-procurement costs, and any consequential damages to the State of Texas or *TDHCA* resulting from Contractor's non-performance. The defaulting Contractor will not be considered in the re-solicitation and may not be considered in future solicitations for the same type of work, unless the specification or scope of work is significantly changed.

33. Note to Respondent.
Any terms and conditions attached to the response will not be considered unless specifically referred to on this Request for Proposal and may result in disqualification of the response.

34. Prohibited Use of Appropriated or other Funds Under Control of State Agency; Lobbying.
The Contractor represents and warrants that ordering entities' payments to the Contractor and Contractor's receipt of appropriated or other funds under any of this or any resulting agreement are not prohibited by Government Code §556.005 or §556.008.

35. Additional Categories.
Additional categories may be added to the contract at offer rates for equivalent categories and under the same terms and conditions of the existing contract. Categories to be prorated according to period of coverage. The CAP for adding categories is 12% of the contract value.

36. Service Adjustment/Contingency Requirements.
The State envisions the necessity from time to time to incur additional changes against this contract to be considered "Service Adjustments/Contingency Requirements" (SACR). This is to include any service recognized to be needed to accommodate unforeseen occurrences. This SACR shall not exceed 10% of the total estimated cost by the awarded vendor.

37. Immigration.
The Contractor represents and warrants that it shall comply with the requirements of the Immigration Reform and Control Act of 1986 and 1990 regarding employment verification and retention of verification forms for any individuals hired on or after November 6, 1986, who will perform any labor or services under the Contract.

38. Undocumented Workers.
The Contractor certifies that it, or a branch, division, or department of Contractor does not and will not knowingly employ an undocumented worker, where "undocumented worker" means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States. If after receiving a public subsidy Contractor, or a branch, division, or department of Contractor is convicted of a violation under 8 U.S.C. 1324a(f), Contractor shall repay the amount of the public subsidy with interest, at the rate of 5% per annum, not later than the 120th day after the date TDHCA notifies Contractor of the violation.

39. Change Management/Substitutions
Any changes or substitutions to the contract must be in writing and coordinated through the designated Contract Manager in the Energy Assistance Division of TDHCA prior to the change. Upon agreement by both parties, a formal amendment to the contract will be made.

40. Proprietary or Confidential Information
The Contractor will not disclose any information to which it is privy under this Contract without the prior consent of the agency. Contractor will indemnify and hold harmless the State of Texas, its officers and employees, and TDHCA, its officers and employees for any claims or damages that arise from the disclosure by Contractor or its contractors of information held by the State of Texas.

41. Order of Precedence
In the event of conflicts or inconsistencies between this contract and its exhibits or attachments, such conflicts or inconsistencies shall be resolved by reference to the documents in the following order of priority: Signed Contract, Attachments, RFP, and Response to RFP.

EXHIBIT A - HUB Subcontracting Form that is attached as separate document.

EXHIBIT B

EXECUTION OF PROPOSAL
RFP #332-RFP9-9005

NOTE: THIS EXHIBIT MUST BE SIGNED AND RETURNED WITH THE PROPOSAL. PROPOSALS THAT DO NOT INCLUDE THIS EXHIBIT WILL BE DISQUALIFIED. THE PROPOSAL SHALL BE VOID IF FALSE STATEMENTS ARE CONTAINED IN THIS EXHIBIT.

By signature hereon, Respondent certifies that:
All statements and information prepared and submitted in the response to this RFP are current, complete, and accurate. Respondent has not given, offered to give, nor intends to give at anytime hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted response.

Neither Respondent nor the firm, corporation, partnership, or institution represented by Respondent or anyone acting for such firm, corporation, or institution has (1) violated the antitrust laws of the State of Texas under Texas Business & Commerce Code, Chapter 15, or the federal antitrust laws; or (2) communicated the contents of this Proposal either directly or indirectly to any competitor or any other person engaged in the same line of business during the procurement process for this RFP.

When a Texas business address shown hereon that address is, in fact, the legal business address of Respondent and Respondent qualifies as a Texas Resident Bidder under 1 TAC §111.2.Under Government Code §2155.004, no person who prepared the specifications or this RFP has any financial interest in Respondent's Proposal. If Respondent is not eligible, then any contract resulting from this RFP shall be immediately terminated. Furthermore, "under §2155.004, of the Texas Government Code, the vendor [Respondent] certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate." Under Family Code §231.006, relating to child support obligations, Respondent and any other individual or business entity named in this solicitation are eligible to receive the specified payment and acknowledge that this contract may be terminated and payment withheld if this certification is inaccurate.

Any Proposal submitted under this RFP shall contain the names and social security numbers of person or entity holding at least a twenty-five percent (25%) ownership interest in the business entity submitting the Proposal.

Name: Social Security Number:
Name: Social Security Number:
Name: Social Security Number:

Under *Government* Code §669.003, relating to contracting with an executive of a state agency, Respondent represents that no person who, in the past four years, served as an executive of the Texas Department of Housing and Community Affairs (*TDHCA*) or any other state agency was involved with or has any interest in this Proposal or any contract resulting from this RFP. If Respondent employs or has used the services of a former executive head of *Texas Department of Housing and Community Affairs* or other state agency, then Respondent shall provide the following information: Name of former executive, name of state agency, date of separation from state agency, position with Respondent, and date of employment with Respondent.
Respondent agrees that any payments due under this contract will be applied towards any debt, including but not limited to delinquent taxes and child support that is owed to the State of Texas.

TDHCA is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective 9/24/2001 and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal General Services Administration's Excluded Parties List System (EPLS, http://www.epls.gov), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list.

EXHIBIT B
Page 2

Respondent certifies that the responding entity and its principals are eligible to participate in this transaction and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and that Respondent is in compliance with the State of Texas statutes and rules relating to procurement and that Respondent is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at http://www.epls.gov. Under §2155.006(b) of the Texas Government Code, a state agency may not accept a bid or award a contract, including a contract for which purchasing authority is delegated to a state agency, that includes proposed financial participation by a person who, during the five-year period preceding the date of the bid or award, has been: (1) convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by §39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or (2) assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by §39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005.

Under §2155.006 of the Texas Government Code, the bidder certifies that the individual or business entity named in this bid is not ineligible to receive the specified contract and acknowledges that any contract resulting from this IFB may be terminated and payment withheld if this certification is inaccurate.

Pursuant to §2262.003 of the Texas Government Code, the state auditor may conduct an audit or investigation of the vendor or any other entity or person receiving funds from the state directly under this contract or indirectly through a subcontract under this contract. The acceptance of funds by the Respondent or any other entity or person directly under this contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Respondent or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. Respondent will ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through the vendor and the requirement to cooperate is included in any subcontract it awards.

Respondent represents and warrants that the individual signing this Execution of Proposal is authorized to sign this document on behalf of Respondent and to bind Respondent under any contract resulting from this Proposal.

RESPONDENT (COMPANY): ____
SIGNATURE (INK): ____
NAME (TYPED/PRINTED) ____
TITLE: ____ DATE: _____________________
STREET: ____
CITY/STATE/ZIP: ____
TELEPHONE AND FACSIMILE NUMBERS: ____________________________________
TEXAS IDENTIFICATION NUMBER (TIN): ____________________________________

HOUSING TRUST FUND DIVISION

BOARD ACTION REQUEST

September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of a Request for an Amendment to the Housing Trust Fund Program Award for Meadow Park Village Apartments.

Requested Action

Approve, Deny or Approve with Amendments a Request for an Amendment to the Housing Trust Fund Program Award for Meadow Park Village Apartments.

Background

Meadow Park Village Apartments (Application #08335/ Pending Contract #1001115) is a 36-unit multifamily development to be rehabilitated in Lockhart, Caldwell County. The property is a Section 8 Mark-to-Market transaction with rents and operating expenses approved by the US Department of Housing and Urban Development (HUD). The award for Meadow Park Village Apartments was originally presented at the April 23, 2009 Board meeting, and was tabled due to the Applicant's concerns that the interest rate of 5% could not be supported by the property's operations and that only a 0% interest rate and some loan forgiveness would be necessary. Additional evaluation performed by the Real Estate Analysis Division continued to indicate that the Applicant's expenses of $6,051 per unit are substantially higher than what would be expected of a comparable tax-exempt property in this market.

At the May 21, 2009 Board meeting, the applicant was awarded $500,000 from the Housing Trust Fund Multifamily Rental Product Program NOFA based on the original underwriting recommendation of a 16.08 year amortization and term and 5% interest rate. Additionally, staff presented an alternative underwriting recommendation for a loan structured with a 26 year amortization and term and 0% interest rate. The alternative structure allowed for full principal repayment over the same remaining term on the first lien debt. Based on the Applicant's proforma, this structure would result in a debt coverage ratio (DCR) of 1.12. The underwriter's proforma yielded a DCR of 1.59, which was higher than the Department's maximum of 1.35. The Board awarded the funds at the 5% rate with 16.08 year amortization and term, and asked that the agenda item be brought back for modification if HUD had an issue with the conditions of the loan.

On June 30, 2009, the Department received a letter from HUD stating that they were unable to approve the level of debt service as approved by the Department due to insufficient cash flow to support the Department's terms. HUD indicated that they will only approve the Mark-to-Market restructuring plan based on the lesser loan terms including the 0% rate recommended by staff as an underwriting alternative. The contract associated with the award was not executed by the Contract Administrator.

Staff suggested alternate terms for this loan, including a 2% interest rate and 30 year amortization with a 26 year term, which HUD indicated would be acceptable terms for the loan. These terms were entered into the underwriting spreadsheet and produced a debt coverage ratio of 1.77, well above the Department's maximum of 1.35.

The 5% interest rate is the only rate that will allow the deal to remain within the 1.35 DCR. HUD has informed the Department that the 5% rate is not acceptable to them. As such, there appears to be no way to move forward with this deal.

- Letter received from the US Department of Housing and Urban Development (HUD) on June 30, 2009.
- Letter received from the US Department of Housing and Urban Development (HUD) on August 25, 2009.

Recommendation

Staff recommends that the Board maintains the award as approved at the May 21, 2009 Board meeting.

U.S. Department of Housing and Urban Development
Office of Housing, Multifamily Program Center
San Antonio Field Office
One Alamo Center
106 South St. Mary's Street, Suite 405
San Antonio, Texas 78205-3601
(http://www.hud.gov/local/san/index.html)

JUN 3 0 2009

Michael Gerber
Executive Director
Multifamily Program Administrator
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Meadow Park Village, FHA Project # 115-35464
TDHCA Housing Trust # 100115

Dear Mr. Gerber:

We are in receipt of the Texas Department of Housing and Community Affairs (TDHCA) terms and conditions for the proposed $500,000 Housing Trust loan for the benefit of Meadow Park Village Apartments in Lockhart, Texas.

The Meadow Park Village Apartments are 36 units which have a project based Section 8 contract covering all 36 units. The project completed HUD restructuring of the first lien through the HUD Mark-to-Market (M2M) restructuring program in December 2003. As part of the Mark-to-Market program the first lien was restructured and a new FHA first lien was originated. In addition, the existing Section 8 contract was sized to support the property in accordance with the HUD approved restructuring plan of operations.

We have reviewed the recommended terms approved by the TDHCA May Board Meeting for annual debt service of $45,307 representing principal and interest of (5%) and payments over the term of the loan for (16 years). We find we are not able to approve that level of debt service. Under the Mark-to-Market restructuring program there is insufficient cash flow to support your terms. In completing the restructuring, HUD considered all expenses and obligations that we were willing to include in the properties operations funded by the Section 8 rent subsidy. Therefore, HUD can not agree to the Board's terms above.

However, we see that the TDHCA staff recommended lesser terms that are in line with the projects restructuring with an annual debt service of $19,231. We find that the restructured cash flow is sufficient to support this level of debt service and would consider approval of this level of debt service.

Therefore, HUD is proposing approval based on the proposed TDHCA staff recommendation terms in line with the M2M restructuring plan. If approved, the proposal would be subject to written approval by our office as well as the Office of Affordable Housing Preservation (OAHP) who oversaw the restructuring.

If you have any questions, or if we can be of any assistance, please contact Priscilla Rocha, Supervisor on 210-475-6800 x2255 or Sharon Young, Project Manager on x2363.

Sincerely,

Gretchen A. Marchand

Gretchen A. Marchand
Director, Multifamily Program Center

cc
Gilbert M. Piette
Housing and Community Services, Inc.

Harry West, OAHP

U.S. Department of Housing and Urban Development
Office of Housing, Multifamily Program Center
San Antonio Field Office
One Alamo Center
106 South St. Mary's Street, Suite 405
San Antonio, Texas 78205-3601
(http://www.hud.gov/local/san/index.html)

AUG 25 2009

Michael Gerber
Executive Director
Multifamily Program Administrator
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Meadow Park Village, FHA Project # 115-35464
TDHCA Housing Trust # 100115; Revised Staff Recommendations

Dear Mr. Gerber:

We are in receipt of the revised staff recommendation for the Texas Department of Housing and Community Affairs (TDHCA) terms and conditions for the proposed $500,000 Housing Trust loan for the benefit of Meadow Park Village Apartments in Lockhart, Texas. As we understand it, the revised terms call for annual debt service of $22,177.17 representing principal and interest (2%) payments amortizing the principal over thirty (30) years with the remaining principal and interest due and payable at the end of 26 years.

The Meadow Park Village Apartments are 36 units which have a project based Section 8 contract covering all 36 units. The project completed HUD restructuring of the first lien through the HUD Mark-to-Market (M2M) restructuring program in December 2003. As part of the Mark-to-Market program the first lien was restructured and a new FHA first lien was originated. In addition, the existing Section 8 contract was sized to support the property in accordance with the HUD approved restructuring plan of operations.

We have reviewed the TDHCA revised staff recommendation regarding the $22,177.17 in debt service. We find that the restructured cash flow is sufficient to support this level of debt service. We would consider approval of this level of debt service.

The proposed transaction as revised, which is in line with the M2M restructuring plan would be subject to written approval by our office as well as the Office of Affordable Housing Preservation (OAHP) who oversaw the restructuring.

If you have any questions or if we can be of any assistance please contact us.

Sincerely,

Gretchen A. Marchand
Director, Multifamily Program Center

cc
Gilbert M. Piette
Housing and Community Services, Inc.

Harry West, OAHP

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Items

Presentation, Discussion and Possible Approval for Housing Tax Credit Extensions.

Required Action

Approve, amend or deny the requests for extensions related to two (2) 2002, one (1) 2003, two (2) 2004, one (1) 2006, and one (1) 2007 Housing Tax Credit allocations.

Background

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

HTC No. 060053, Candletree Apartments
(Cost Certification Extension)

Summary of Request: Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner elected to initiate the credit period in 2008 and missed the January l5, 2009 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on March 31, 2009 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	South Hulen, LP
General Partner:	Candletree Homes, LLC
Developer:	Carleton Development
Principals/Interested Parties:	Sycamore Housing, Inc. and CGB Southwest, Inc.
City/County:	Fort Worth/Tarrant
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	Family
Units:	216 HTC units
2006 Allocation:	$1,046,736
Allocation per HTC Unit:	$4,846
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2009
New Deadline Requested:	March 31, 2009
New Deadline Recommended:	**March 31, 2009**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

Carleton Residential Properties

5485 Belt Line Road
Suite 300
Dallas, Texas 75254

(972) 980-9810
(972) 980-1559 Fax

August 6, 2009

Mr. Kent Bedell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Dear Mr. Bedell:

We would like to request an extension to the deadline for submission of the Cost Certification for Candletree Apartments (TDHCA #060053). We completed and turned in the Cost Certification on March 31, 2009. Unfortunately, the 2006 QAP moved the deadline up from March 31st to January 15th. Therefore, we request that the deadline for submission of the cost certification be extended until March 31, 2009.

I've enclosed an extension request check of $2,500.

Thank you for your time on this matter. Should you have any questions, please feel free to call me at (972) 980-9810 x 120 or email me at whenderson@carletonrp.com.

Sincerely,

Will Henderson
Carleton Development, Ltd.
5485 Beltline Road, Suite 300
Dallas, Texas 75254
214-377-6558 (Direct)
469-245-5934 (Cell)
972-980-1559 fax

08-10-09A11:05 RCVD

enclosure

<u>HTC No. 04432, Mariposa at Hunter Road (fka Willow Springs Senior Residences)</u>
(Cost Certification Extension)

<u>Summary of Request:</u> Pursuant to §50.16(a) of the 2004 Qualified Allocation Plan, "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service.…". The owner elected to initiate the credit period in 2006 and missed the April l, 2007 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on March 31, 2008 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Hunter Road Affordable Housing, Ltd
General Partner:	SMRC Willow Springs, LLC and SMRC FPGP Inc.
Developer:	Hunter Road Development, LCC and SSFP Willow Springs III, LP
Principals/Interested Parties:	Stuart Shaw
City/County:	San Marcos/Hays
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	182 HTC units
2004 Allocation:	$442,104
Allocation per HTC Unit:	$2,429
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	March 31, 2008
New Deadline Recommended:	**March 31, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

BONNER CARRINGTON

August 12, 2009

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

RE: Request for Extension to Mariposa at Hunter Road (TDHCA #04432) Cost Certification

Via Courier

08-12-09P03:10 RCVD

Dear Mr. Bedell,

Pursuant to conversations with Mr. Rosalio Banuelos, Hunter Road Affordable Housing, LTD. (HRAF), TDHCA #04432, respectfully requests an extension to the Final Cost Certification (FCC) submission date. We apologize for this time sensitive request, but Mr. Banuelos brought it to our attention on August 11, 2009 that HRAF needs an extension before 8609s can be issued. HRAF originally requested an extension and a waiver of fees earlier this year (attached), but to the best of our knowledge did not receive a response from the TDHCA. Either way the proposed timeline referenced in the initial extension request would have expired before the FCC was submitted so an extension is necessary before 8609s can be issued.

The FCC package has been submitted, reviewed by TDHCA staff and, based on our conversations with Mr. Banuelos, 8609s could be issued in the first part of September. If you have the ability to process this request and include it on the agenda for the September 2009 TDHCA board meeting we would really appreciate it.

Pursuant to the extension request guidelines we have attached our $2,500.00 extension fee. If you have any question or need additional information please contact Casey Bump in my office at 512-220-9902.

Sincerely,

Stuart Shaw
Applicant's Representative

Attachment: Payment Receipt
Initial Extension Request

<u>HTC No. 07164, Covington Townhomes</u>
(Commencement of Substantial Construction)

<u>Summary of Request:</u> Pursuant to §49.14(c) of the 2007 Qualified Allocation Plan, "The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with a possibility of an extension…". The owner missed the May 31, 2009 commencement of substantial construction (COC) deadline and is requesting a new COC deadline to July 24, 2009 for the above referenced development.

The owner's original COC deadline was December 1, 2008; however, the owner received an additional COC extension to May 31, 2009 that was approved by the Department on December 15 2008. The reason given for this additional request is that they were unable to close on the equity/construction financing due to investor turnover and declining credit pricing. The owner submitted the full COC documentation on July 24, 2009. The Compliance Division has reviewed the documentation and determined that the Commencement of Substantial Construction requirement has been satisfied. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Texarkana Two Neighborhood Ventures Limited
General Partner:	Texarkana Two Neighborhood Ventures GP, LLC
Developer:	Braziel & Associates.
Principals/Interested Parties:	Melvin Braziel
City/County:	Texarkana/Bowie
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Reconstruction
Population Served:	Family
Units:	126 HTC units
2007 Allocation:	$1,200,000
Allocation per HTC Unit:	$9,524
Extension Request Fee Paid:	$2,500:
Original Deadline:	December 1, 2008
Current Deadline:	May 31, 2009
New Deadline Requested:	July 24, 2009
New Deadline Recommended:	**July 24, 2009**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension to July 24, 2009.**

Texarkana Two Neighborhood Ventures, Ltd.

August 12, 2009

08-13-09P03:59 RCVD

Mr. Kent Bedell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Dear Mr. Bedell:

We would like to request an extension of the Commencement of Substantial Construction deadline for Covington Townhomes (TDHCA #07164) to July 24, 2009. In October when we requested the original extension to May 31, 2009, we anticipated closing the financing in November 2009. Unfortunately, we were unable to close at that time, when the investor backed out at the eleventh hour. Over the next three months, we were delayed by the turmoil in financial markets, declining credit pricing and investor turnover in closing this transaction until March 26, 2009. Because of this unforeseen and unavoidable delay, we were unable to meet the original extended deadline of May 31, 2009. Since, that time we have met the conditions for Substantial Commencement of Construction: building permits, the foundation of all residential buildings in place, 50% of framing completed, and at least 20% of the construction contract amount expended. Evidence of meeting these criteria was submitted July 24, 2009. Since construction has begun, we have been fortunate regarding weather and other factors that sometimes delay construction. This has resulted in us staying on and even being slightly ahead of schedule. As a result, we are still on track to place the development in service by December 31, 2009.

We have enclosed the $2,500 check required for the extension request.

Thank you for your time on this matter. Should you have any questions, please feel free to call me at (903) 334-9828.

Sincerely,

Richard Herrington, Jr.
President of the General Partner of
Texarkana Two Neighborhood Ventures Limited

Enclosure

<u>HTC No. 02092, Union Pines Apartments</u>
(HUB Replacement)

<u>Summary of Request:</u> In January of 2009, the original general partner, SA Union Pines Development II, LLC was replaced by 2008 South San Antonio Pines GP, LLC. The exit of the previous general partner resulted in the loss of the participation of a Historically Underutilized Business (HUB). The new GP was given a July 10, 2009 deadline be the Department to locate a replacement HUB. The GP has been unable to finalize the replacement HUB and is requesting an extension to October 12, 2009 to secure a HUB partner. The reason given for this additional request is that the closing was delayed due to ownership and transfer issues with the seller, which further delayed the process of securing a replacement HUB. The GP has indicated that an application package for HUB status has been submitted to the Comptrollers Office and they are awaiting approval. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	SA Union Pines II, LP.
General Partner:	2008 South San Antonio Pines GP, LLC
Developer:	Chamberlain, Inc.
Principals/Interested Parties:	Rene Campos and Diana L. Gum
City/County:	San Antonio/Bexar
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	Acq/Rehab
Population Served:	Family
Units:	152 HTC units
2002 Allocation:	$637,119
Allocation per HTC Unit:	$4,191
Current Deadline:	July 10, 2009
New Deadline Requested:	October 12, 2009
New Deadline Recommended:	**October 12, 2009**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

2008 SOUTH SAN ANTONIO PINES GP, LLC

July 6, 2009

Ms. Robbye Meyer
TDHCA—Multifamily Finance
POB 13941
Austin, TX 78711-3941

Re: Approval of GP Interests Transfer: HUB extension request
Union Pines Apartments: **LIHTV #02092**
Union Park Apartments: **LIHTC #02093**

Dear Ms. Meyer:

Our Union Pines and Union Park LLC entities received approval for the transfer of the GP Interests and Development Owner for the Union Park Apartments and Union Pines Apartments. A copy of the January 5, 2009 Approval Letters are attached. The Letters require we achieve HUB status for our GP entities by July 10, 2009; which is approximately six months after the anticipated closing date. The closing of the transactions and transfer of the GP Interests, however, were delayed and the actual closing dates were as follows:

- Union Park: April 30, 2009
- Union Pines: July 1, 2009

By this letter, we are a requesting a 90 day extension (July 10-October 10) to receive HUB status for our entities. The extension is required as we were forced to delay the closings due to ownership and transfer issues with the Seller. The extension is justified as a result of this delay in the closings and our need to wait until closing to submit the HUB applications.

Please note, we submitted our application package for HUB status for Union Park to the Comptroller's Office on June 18 and should receive such status by August 7. We will submit the Union Pines HUB application by July 10 and should receive HUB status by August 31. Therefore, please accept this extension request. We will fulfill HUB status within four months of acquiring the GP Interests.

We appreciate your consideration and please call Harris Block in our office with any questions or comments.

Respectfully submitted,

RC

Rene Campos
Sole Member of each GP

5415 Maple Avenue, Suite 204 + Dallas + TX + 75235
Phone: (214) 363-2628 + Fax: (214) 363-9522

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

January 5, 2009

Rene Campos
2008 South San Antonio Pines GP, LLC
5414 Maple Avenue, Suite 204
Dallas, Texas 75235

Re: Union Pines Apartments (the Development), San Antonio
SA Union Pines II, L.P. (the Development Owner)
Housing Tax Credit Development No. 02092

Dear Mr. Campos:

The Texas Department of Housing and Community Affairs received your letter of November 12, 2008. The letter requested approval for a change in the ownership structure of the development owner named above. The structure would change by replacing the current general partner, SA Union Pines Development II, LLC with 2008 South San Antonio Pines GP, LLC. 2008 South San Antonio Pines GP, LLC is a single-member entity with Rene Campos as the sole member.

The replacement of SA Union Pines Development II, LLC results in the loss of a HUB. The applicant is hereby allotted six months to replace the HUB without penalty to the application. If upon the six-month deadline the HUB has not been replaced, the original application will be subject to a loss of HUB points and any subsequent penalties as may result from such loss. The six-month deadline terminates July 10, 2009 and may only be extended with TDHCA board approval.

Your request is granted. This letter will be forwarded to our Portfolio Management and Compliance Division and to the Real Estate Analysis Division.

Thank you for your letter.

Sincerely,

Michael Gerber
Executive Director

MFP/eh

Cc: Patricia Murphy, Director of Portfolio Management and Compliance
Raquel Morales, Manager of Real Estate Analysis

<u>HTC No. 02093, Union Park Apartments</u>
(HUB Replacement)

<u>Summary of Request:</u> In January of 2009, the original general partner, SA Union Park Development II, LLC was replaced by 2008 South San Antonio Park GP, LLC. The exit of the previous general partner resulted in the loss of the participation of a Historically Underutilized Business (HUB). The new GP was given a July 10, 2009 deadline be the Department to locate a replacement HUB. The GP has been unable to finalize the replacement HUB and is requesting an extension to October 12, 2009 to secure a HUB partner. The reason given for this additional request is that the closing was delayed due to ownership and transfer issues with the seller, which further delayed the process of securing a replacement HUB. The GP has indicated that an application package for HUB status has been submitted to the Comptrollers Office and they are awaiting approval. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	SA Union Park II, LP.
General Partner:	2008 South San Antonio Park GP, LLC
Developer:	Vista Contractors, LLC
Principals/Interested Parties:	Rene Campos and Samuel Tijerina
City/County:	San Antonio/Bexar
Set-Aside:	At-Risk
Type of Area:	Urban
Type of Development:	Acq/Rehab
Population Served:	Family
Units:	100 HTC units
2002 Allocation:	$300,006
Allocation per HTC Unit:	$3,000
Current Deadline:	July 10, 2009
New Deadline Requested:	October 12, 2009
New Deadline Recommended:	**October 12, 2009**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

2008 SOUTH SAN ANTONIO PINES GP, LLC

July 6, 2009

Ms. Robbye Meyer
TDHCA—Multifamily Finance
POB 13941
Austin, TX 78711-3941

Re: Approval of GP Interests Transfer: HUB extension request
Union Pines Apartments: **LIHTV #02092**
Union Park Apartments: **LIHTC #02093**

Dear Ms. Meyer:

Our Union Pines and Union Park LLC entities received approval for the transfer of the GP Interests and Development Owner for the Union Park Apartments and Union Pines Apartments. A copy of the January 5, 2009 Approval Letters are attached. The Letters require we achieve HUB status for our GP entities by July 10, 2009; which is approximately six months after the anticipated closing date. The closing of the transactions and transfer of the GP Interests, however, were delayed and the actual closing dates were as follows:

- Union Park: April 30, 2009
- Union Pines: July 1, 2009

By this letter, we are a requesting a 90 day extension (July 10-October 10) to receive HUB status for our entities. The extension is required as we were forced to delay the closings due to ownership and transfer issues with the Seller. The extension is justified as a result of this delay in the closings and our need to wait until closing to submit the HUB applications.

Please note, we submitted our application package for HUB status for Union Park to the Comptroller's Office on June 18 and should receive such status by August 7. We will submit the Union Pines HUB application by July 10 and should receive HUB status by August 31. Therefore, please accept this extension request. We will fulfill HUB status within four months of acquiring the GP Interests.

We appreciate your consideration and please call Harris Block in our office with any questions or comments.

Respectfully submitted,

Rene Campos
Sole Member of each GP

5415 Maple Avenue, Suite 204 • Dallas • TX • 75235
Phone: (214) 363-2628 • Fax: (214) 363-9522

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

January 5, 2009

Rene Campos
2008 South San Antonio Park GP, LLC
5414 Maple Avenue, Suite 204
Dallas, Texas 75235

Re: Union Park Apartments (the Development), San Antonio
SA Union Park II, L.P. (the Development Owner)
Housing Tax Credit Development No. 02093

Dear Mr. Campos:

The Texas Department of Housing and Community Affairs received your letter of November 12, 2008. The letter requested approval for a change in the ownership structure of the development owner named above. The structure would change by replacing the current general partner, SA Union Park Development II, LLC with 2008 South San Antonio Park GP, LLC. 2008 South San Antonio Park GP, LLC is a single-member entity with Rene Campos as the sole member.

The replacement of SA Union Park Development II, LLC results in the loss of a HUB. The applicant is hereby allotted six months to replace the HUB without penalty to the application. If upon the six-month deadline the HUB has not been replaced, the original application will be subject to a loss of HUB points and any subsequent penalties as may result from such loss. The six-month deadline terminates July 10, 2009 and may only be extended with TDHCA board approval.

Your request is granted. This letter will be forwarded to our Portfolio Management and Compliance Division and to the Real Estate Analysis Division.

Thank you for your letter.

Sincerely,

Michael Gerber
Executive Director

MFP/eh

Cc: Patricia Murphy, Director of Portfolio Management and Compliance
Raquel Morales, Manager of Real Estate Analysis

HTC No. 03178, Jacinto Manor
(HUB Replacement)

Summary of Request: In April of 2008, the Special Limited Partner (SLP), Columbia Housing SLP Corporation, assumed control of the general partner. The exit of the previous general partner resulted in the loss of the participation of a Historically Underutilized Business (HUB). The SLP requested time to locate another HUB to replace the previous one. The SLP was unable to locate another HUB and request a six month extension in November 2008 which was granted by the Executive Director. On May 19, 2009, the SLP requested an additional 90 day extension to secure a HUB partner. The SLP had difficulties attracting qualified HUBs in general but those difficulties were enhanced by the aftermath of Hurricane Ike and the financial conversion of the permanent loan of the development. The SLP has now located a replacement HUB; however, they are still negotiating the business terms for the HUB GP to be admitted to the Partnership and are requesting an additional two weeks extension so the parties can finalize the partnership documents. The new HUB Replacement extension deadline requested is September 2, 2009. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Jacinto Manor, Ltd.
General Partner:	Artisan/American Corp and Inland General Construction Co.
Developer:	American Corporation
Principals/Interested Parties:	H. Elizabeth Young and Vernon R. Young, Jr.
City/County:	Jacinto City/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	160 HTC units
2003 Allocation:	$782,354
Allocation per HTC Unit:	$4,890
Original Deadline:	November 19, 2008
Current Deadline:	August 19, 2009
New Deadline Requested:	September 2, 2009
New Deadline Recommended:	**September 2, 2009**
Previous Extensions:	(2) November, 2008; July 2009
Staff Recommendation:	**Approve the extension as requested.**

Rec'd TDHCA 8/20/2009 7:37 AM

LLB&L

Locke Lord Bissell & Liddell LLP

Attorneys & Counselors

100 Congress Avenue, Suite 300
Austin, Texas 78701-2748
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Christine R. Richardson
Direct Telephone: 512-305-4754
Direct Fax: 512-391-4754
crichardson@lockelord.com

August 19, 2009

VIA E-MAIL

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

Re: Jacinto Manor (the "**Project**")
TDHCA No. 03178
Request for Extension of Time for HUB Replacement

Dear Robbye:

We represent Jacinto Manor, Ltd., which is the owner of the referenced Project (the "**Owner**"). Columbia Housing SLP Corporation ("**SLP**") is currently serving as the general partner of the Owner. The Owner is required to admit a historically-underutilized business (a "**HUB**") as the general partner by August 19, 2009. The purpose of this letter is to request an extension of the timeframe for the Owner to effect the HUB general partner replacement, as explained more fully below.

SLP, on behalf of the Owner, has identified Madhouse Development Services, Inc., a Texas corporation ("**Madhouse**"), as its choice for the HUB replacement. The intent is for Madhouse to create a wholly-owned single asset entity that will serve as the new general partner of the Owner (the "**HUB GP**"). The parties are in the process of negotiating the business terms for the HUB GP to be admitted to the Partnership, but it is anticipated that the discussions will not be finalized by the August 19 deadline. We understand that the Department will permit an additional two weeks for the parties to finalize the documents to show the HUB GP's admission as the general partner of the Partnership.

Accordingly, the Owner and SLP respectfully request an extension of the deadline to replace SLP with a qualified HUB as general partner until **September 2, 2009**. Please confirm in writing the requested extension.

If you have any questions or need anything further in conjunction with this extension request, please let me know. The Owner believes that the significant time and effort and the careful consideration that has been put into the search for a qualified HUB candidate will be a benefit to the Project over the long term. And to that end, we very much appreciate the Department's assistance and cooperation in this matter.

Sincerely,

Christine Richardson

Christine R. Richardson

cc: Jacinto Manor, Ltd. (c/o Jack Doyle, Columbia Housing SLP Corporation)
Ben Sheppard
Elizabeth Henderson
(*all via e-mail*)

AUS:0053081/00002:419718v1

<u>HTC No. 04206, Lake Jackson Manor</u>
(HUB Replacement)

<u>Summary of Request:</u> In April of 2008, the Special Limited Partner (SLP), Columbia Housing SLP Corporation, assumed control of the general partner. The exit of the previous general partner resulted in the loss of the participation of a Historically Underutilized Business (HUB). The SLP requested time to locate another HUB to replace the previous one. The SLP was unable to locate another HUB and request a six month extension in November 2008 which was granted by the Executive Director. On May 19, 2009, the SLP requested an additional 90 day extension to secure a HUB partner. The SLP had difficulties attracting qualified HUBs in general but those difficulties were enhanced by the aftermath of Hurricane Ike and the financial conversion of the permanent loan of the development. The SLP has now located a replacement HUB; however, they are still negotiating the business terms for the HUB GP to be admitted to the Partnership and are requesting an additional two weeks extension so the parties can finalize the partnership documents. The new HUB Replacement extension deadline requested is September 2, 2009. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Lake Jackson Manor, Ltd.
General Partner:	Artisan/American Corp and Inland General Construction Co.
Developer:	American Corporation
Principals/Interested Parties:	H. Elizabeth Young and Vernon R. Young, Jr.
City/County:	Lake Jackson/Brazoria
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	80 HTC units
2004 Allocation:	$402,176
Allocation per HTC Unit:	$5,027
Original Deadline:	November 20, 2008
Current Deadline:	August 22, 2009
New Deadline Requested:	September 2, 2009
New Deadline Recommended:	**September 2, 2009**
Previous Extensions:	(2) November 2008; July 2009
Staff Recommendation:	**Approve the extension as requested.**

Rec'd TDCHA 8/20/2009 7:37 AM

LLB&L

Locke Lord Bissell & Liddell LLP

Attorneys & Counselors

100 Congress Avenue, Suite 300
Austin, Texas 78701-2748
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Christine R. Richardson
Direct Telephone: 512-305-4754
Direct Fax: 512-391-4754
crichardson@lockelord.com

August 19, 2009

VIA E-MAIL

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

Re: Lake Jackson Manor (the "**Project**")
TDHCA No. 04206
Request for Extension of Time for HUB Replacement

Dear Robbye:

We represent Lake Jackson Manor, Ltd., which is the owner of the referenced Project (the "**Owner**"). Columbia Housing SLP Corporation ("**SLP**") is currently serving as the general partner of the Owner. The Owner is required to admit a historically-underutilized business (a "**HUB**") as the general partner by August 22, 2009. The purpose of this letter is to request an extension of the timeframe for the Owner to effect the HUB general partner replacement, as explained more fully below.

SLP, on behalf of the Owner, has identified Madhouse Development Services, Inc., a Texas corporation ("**Madhouse**"), as its choice for the HUB replacement. The intent is for Madhouse to create a wholly-owned single asset entity that will serve as the new general partner of the Owner (the "**HUB GP**"). The parties are in the process of negotiating the business terms for the HUB GP to be admitted to the Partnership, but it is anticipated that the discussions will not be finalized by the August 22 deadline. We understand that the Department will permit an additional two weeks for the parties to finalize the documents to show the HUB GP's admission as the general partner of the Partnership.

Accordingly, the Owner and SLP respectfully request an extension of the deadline to replace SLP with a qualified HUB as general partner until **September 2, 2009**. Please confirm in writing the requested extension.

If you have any questions or need anything further in conjunction with this extension request, please let me know. The Owner believes that the significant time and effort and the careful consideration that has been put into the search for a qualified HUB candidate will be a benefit to the Project over the long term. And to that end, we very much appreciate the Department's assistance and cooperation in this matter.

Sincerely,

Christine Richardson

Christine R. Richardson

cc: Lake Jackson Manor, Ltd. (c/o Jack Doyle, Columbia Housing SLP Corporation)
Ben Sheppard
Elizabeth Henderson
(*all via e-mail*)

AUS:0053081/00008:419651v1

NONE AT THE TIME OF THIS POSTING

NONE AT THE TIME OF THIS POSTING

09108
Peachtree Senior’s Apartments

REAL ESTATE ANALYSIS DIVISION

BOARD ACTION REQUEST

September 3, 2009

Action Items

Presentation, Discussion and Possible Action for 2009 Competitive Housing Tax Credit ("HTC") Appeals.

Required Action

Approve, Deny or Approve with Amendments a determination on the appeal.

Background

The Applicant is appealing the Underwriting determination of the Real Estate Analysis Division "REA" that the Application if financially infeasible.

The Applicant originally applied for and was awarded housing tax credits in the amount of $1,161,000 in the 2007 9% competitive tax credit cycle for the construction of 144 seniors units that were to be located in Balch Springs, Texas; however, the credits were returned to the Department in January 2009.

The Applicant then re-applied for housing tax credits in the amount of $1,926,574 in the 2009 9% competitive tax credit cycle for the construction of the same 144 seniors units at the same location. In the application, the Applicant requested TDHCA HOME funds in the amount of $3,000,000 as one of the sources of financing; however, these funds were not available because Balch Springs is a Participating Jurisdiction (PJ) in HUD's HOME Program, and therefore, TDHCA HOME funds could not be used or provided for the development. The Department notified the Applicant that the TDHCA HOME funds were not available as a source, and the Applicant then requested that ARRA/TCAP funds be used as an alternative source in the place of HOME funds. However, at the time of underwriting, ARRA/TCAP funds were not yet available as an alternative source, as there was no NOFA available at that time. Moreover, even now only tax credit developments with existing tax credit allocations are eligible for TCAP funds. Therefore, in the absence of any other acceptable proposed source from the Applicant, the Department used the only other possible source, deferred developer fees as an alternative, but it was determined that pursuant to §1.32(i)(2) of the 2009 Real Estate Analysis Rules, that the estimated deferred developer fee based on the Underwriter's recommended financing structure cannot be repaid from cashflow within the first fifteen (15) years of the long term proforma. The Underwriting analysis indicates that the development would need approximately $2.7 million in gap funds to balance the sources and uses based on the Applicant's costs. With 100% of the developer fee deferred ($2.1 million), the analysis indicates a gap of $581,000. The Applicant did not provide an alternative source of financing for this gap. Accordingly, it was determined that the development is financially infeasible.

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

Applicant:	Peachtree Housing, LP
Site Location:	5009 Peachtree/11209 Rylie Crest Drive
City/County:	Balch Springs/Dallas
Regional Allocation Category:	Urban
Set Aside	None
Population Served:	Seniors
Region:	3
Type of Development:	New Construction
Units:	144
Credits Requested:	$1,926,574

Recommendation

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

09108
Peachtree Senior's
Executive Director
Appeal Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

August 10, 2009

Ms. Cynthia L. Bast
Attorney at Law
Locke, Lord, Bissell, & Liddell, LLP
100 N. Congress Avenue, Suite 300
Austin, Texas 78701

Re: Peachtree Seniors Apartments (Balch Springs, Texas)
Appeal Review for Scoring and Underwriting
TDHCA No. 01108

Dear Ms. Bast:

Appeal Review:

I have reviewed the subject application as well as your appeal dated July 29, 2009 that you submitted on behalf of Mr. Ron Pegram regarding: (1) the application scoring; and, (2) the underwriting recommendation from the Real Estate Analysis Division ("REA").

With regard to and as previously stated in e-mail correspondence to Mr. Pegram from Ms. Sharon Gamble in the Multifamily Division, the scoring related to the number of 30% units offered by the development has been resolved and the applicant's score of 214 points has been reinstated.

Relating to the underwriting recommendation made by REA and pursuant to the Department's rules, Peachtree Seniors was not recommended for a Housing Tax Credit award for the following reason:

- The estimated deferred developer fee based on the Underwriter's recommended financing structure cannot be repaid from development cash flow within the first 15 years of stabilized operation, per 10 TAC§1.32(i)(2).

The Underwriting analysis indicates that the development would need approximately $2.7 million in gap funds to balance the sources and uses based on the applicant's costs. Typically the most likely source of gap financing is a deferral of developer fee. With 100% of the developer fee deferred ($2.1 million), the analysis shows a remaining gap of $581 thousand. The applicant did not provide an alternative source of financing this gap.

The basis of your appeal is that the applicant should be able to use the TCAP dollars as a source of funding this gap. This source would replace or reduce the deferred developer fee thereby making the transaction financially feasible.

My review has determined that the TCAP Program funds were not available at the time of application. Additionally, this development does not currently qualify for TCAP funds because the applicant does not have a commitment of tax credits.

Accordingly, I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of underwriting and in making the recommendation.

Appeal Determination

The appeal is denied.

If you have any questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

Sincerely,

Michael Gerber
Executive Director

CC: Mr. Ron Pegram
Ms. Nicole Flores

MGG/rbs/dpb

09108
Peachtree Senior’s
Appeal Documentation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2009 Application Cycle
Underwriting Report Notice

Appeal Election Form: 09108 Peachtree Seniors Apartments **Date Sent: 40018**

I am in receipt of my 2009 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 49.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.
If my appeal is denied by the Executive Director, I

☒ Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

☐ Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

☐ Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed [signature]

Title General Partner

Date 7/27/09

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(c-mail) pamela.cloyde@tdhca.state.tx.us

100 Congress. Suite 300
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Locke Lord Bissell & Liddell LLP
Attorneys & Counselors

Cynthia L. Bast
Direct Telephone: 512-305-4707
Direct Fax: 512-391-4707
cbast@lockelord.com

July 29, 2009

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Peachtree Seniors Apartments (Balch Springs, Texas)
Appeal for Scoring and Underwriting
TDHCA No. 09108

Dear Mike:

We represent the Applicant for the above-referenced Development. This letter is provided in connection with: (1) the Applicant's loss of twelve points under the Qualified Allocation Plan (the "QAP") for setting aside a certain number of units for residents with incomes at or below 30% of AMI and (2) the underwriting determination by the Real Estate Analysis Division ("REA") that this Application is financially infeasible.

Background

The Applicant originally applied for and received tax credits in 2007. The Applicant proceeded with financing the Development. In October 2007, it acquired the land on which the Development will be constructed, admitting its tax credit syndicator as a limited partner with a predevelopment loan exceeding $1,000,000. It worked with the City of Balch Springs and its various financing participants. It timely satisfied the 10% test for purposes of the tax credits, spending hundreds of thousands of dollars through the process.

Unfortunately, this Development, like many others, fell victim to the economic downturn that sent numerous "shovel ready" projects to the sidelines. The Applicant returned the tax credits and re-applied for tax credits in the 2009 round. It was the highest scoring application in Region 3, with 214 points.

Late in the day on Friday, July 24, just a few days before the anticipated Board meeting, the staff notified the Applicant that REA had determined that the Application was financially infeasible because TCAP funds would be needed as a source to support the development budget. Subsequently, on Sunday, July 26, the Applicant received notice from the Multifamily Division ("MF") that its scoring had been revised, based upon an error in the underwriting report. Consequently, the Development has not been recommended for a tax credit award at the Board meeting on Thursday, July 30. These actions place the Development at a tremendous disadvantage, and we appeal the Department's determinations.

Appeal for Scoring

The Applicant believes that an error by REA and misunderstanding by MF led to an improper decrease in scoring for the Application. Please note the following events:

- Friday, July 24, 2009 at 5:19 pm
  The Applicant received a copy of the underwriting report by email from REA. (See Exhibit A.) That underwriting report contained an error as to the number of units that would be set aside for residents with 30% or less of AMI.

- Friday, July 24 at 8:51 pm
  The Applicant notified the REA staff that there was an error in the underwriting report as to the number of 30% AMI units. (See Exhibit B.) The Applicant asked the staff to correct and resend the report.

- Sunday, July 26 at 2:32 pm
  The Applicant received a revised scoring notice from MF, indicating that the score of the Application had been changed, based on the erroneously reported number of 30% AMI units on the underwriting report. (See Exhibit C.)

- Sunday, July 26, 2009 at 5:38 pm
  The Applicant notified MF staff that there was an error in the underwriting report and that the scoring revision was improper. (See Exhibit D.)

- Tuesday, July 28 at 8:57 am
  The Applicant followed up with REA and MF staff to inquire about correction of the scoring. (See Exhibit E.)

- Tuesday, July 28 at 9:08 am
  MF staff responded that the score was changed because of the underwriting report and advised the Applicant to appeal. (See Exhibit F.)

- Tuesday, July 28 at 9:33 am
  REA staff responded that the underwriting report would be corrected and that it would work with MF to ensure that any scoring would be reconciled as soon as possible. (See Exhibit G.)

- Tuesday, July 28 at 2:47 pm
  REA staff provided a corrected underwriting report. (See Exhibit H.)

The dates and times are given above simply because time is so short before the Board is statutorily required to award the 2009 tax credit allocation. We wanted to show the responsiveness of both the staff and the Applicant in trying to address these issues at the last minute.

However, at this time, the Applicant does not have a revised scoring notice, indicating that the Application is awarded 214 points. Given this course of events and communications, the Applicant is unsure whether it is required to appeal the scoring for the Application. For the sake of certainty, we hereby appeal and request that the score of 214 points be restored.

Appeal for Underwriting

Notwithstanding the issue of scoring, the REA staff has deemed the Application financially infeasible and, therefore, the MF staff is not recommending the Development for an award of tax credits on July 30. Given the history and status of this Development, TDHCA's determination is devastating for the Applicant and should be reversed for the following reasons:

- When the TCAP and Exchange programs were created by Congress earlier this year, they were designed to finance developments that were otherwise unable to obtain sufficient financing in the typical tax credit paradigm. In particular, the TCAP program was designed to help developments started in 2007 and 2008 that could not be completed because the decline in tax credit pricing created a gap in the development budget. And the Exchange program was designed to help developments that could not be completed because they could not attract tax credit financing at all.

- Moreover, the TCAP and Exchange programs were intended to target "shovel ready" development that would quickly get people to work and affordable housing on the ground.

- Peachtree Seniors Apartments is such a development. As noted above, it was started in 2007 with an award of tax credits. The Applicant owns the land, and over $1,000,000 has already been expended by the investor and the Applicant to advance the project. The City and the local economic development corporation are supportive with additional financing, and the Dallas Housing Authority has agreed to participate with project-based Section 8 vouchers. All of these parties have held on for over two years, with time and money invested and no return.

- When it became apparent that the Development could not proceed because the economic downturn had created a gap in the development budget, the Applicant was encouraged to return the tax credits and reapply in 2009. At this time, everyone in the affordable housing industry knew that a stimulus package was working its way through Congress and that this stimulus package would provide some sort of support for distressed tax credit projects.

- The Applicant reapplied for tax credits, with the same proposed Development, as requested. Of course, with tax credit pricing reduced and costs increased over the two-year period, the development budget had changed. This resulted in a gap in the development budget that needed to be filled. The Applicant indicated that the gap could be filled with TCAP funds.

- The REA staff deemed the Development to be financially infeasible in its underwriting report solely because of a technicality – the fact that the TCAP funds were not actually available at the time the tax credit Application was filed. Yet, ARRA had been passed and signed by President Obama, and everyone understood these funds would be available.

- Because the Application has been deemed financially infeasible, it is not eligible for tax credits, TCAP funds, or Exchange funds, despite the fact that it had the highest scoring application in Region 3. If action is not taken at or prior to the Board meeting on July 30, this Development will be lost.

- While this stance by REA staff may be technically correct, it completely ignores the purpose of the federal TCAP and Exchange programs and disadvantages the exact kind of development these programs were intended to help.

- When the Applicant re-applied for tax credits in 2009, it was instructed to utilize the same Development in order to avoid paying a second round of application fees. If an applicant is going to apply for the same development, with reduced tax credit pricing and increased costs, shouldn't TDHCA expect that there will be a financing gap that did not appear in the original tax credit application? How would TDHCA expect an applicant to fill that gap, other than using federal stimulus funds? Certainly, the applicant cannot just pull a few million dollars out of a hat.

- After over two years of trying to advance this Development and the expenditure of over $1,000,000 of funds, it is unconscionable to tell this Applicant and its investor that it is ineligible for the very funds that Congress intended them to receive. Peachtree Seniors Apartments is a development that is wanted and needed in Balch Springs, Texas and, as the highest scoring application in Region 3, should be allowed to proceed.

We respectfully appeal REA staff's determination and request that you deem this Development as financially feasible so that it can receive a recommendation and award of tax credits on July 30.

Conclusion

We hereby request that:

- TDHCA reinstate the Application's score of 214 points.

- TDHCA overturn the REA staff's determination that the Development is financially infeasible simply because it requires TCAP funds to fill the financing gap.

- TDHCA recommend this Development for an award of tax credits on July 30.

Thank you, and feel free to contact me with any questions.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

cc: Ron Pegram
Nicole Flores

Exhibit A

Bast, Cynthia L.

From: Ron Pegram [rpegram@swbell.net]
Sent: Friday, July 24, 2009 7:59 PM
To: Bast, Cynthia L.
Subject: Fw: 09108 Peachtree Seniors Apartments
Attachments: 09108 Peachtree Seniors appeal info.pdf; 09108 Peachtree Seniors.pdf

--- On **Fri, 7/24/09, Pamela Cloyde** *<pamela.cloyde@tdhca.state.tx.us>* wrote:

> From: Pamela Cloyde <pamela.cloyde@tdhca.state.tx.us>
> Subject: 09108 Peachtree Seniors Apartments
> To: rpegram@swbell.net
> Date: Friday, July 24, 2009, 5:19 PM
>
> Ron,
>
> Attached is the appeal information letter and the revised 09108 Peachtree Seniors Apartments underwriting report. Please see page two for the change on the number of units.
>
> Please review the attached and email back to me the Appeal Election Form.
>
> Thanks,
>
> Pamela Cloyde
>
> Executive Assistant REA
>
> TDHCA
>
> email: pamela.cloyde@tdhca.state.tx.us
>
> phone: 512.475.4573
>
> fax: 512.475.4420

Exhibit B

Bast, Cynthia L.

From: Ron Pegram [rpegram@swbell.net]
Sent: Friday, July 24, 2009 8:51 PM
To: Pamela Cloyde
Cc: Bast, Cynthia L.
Subject: Re: 09108 Peachtree Seniors Apartments

Pamela,
I reviewed page 2 of the report and it appears that the number of 30% units is incorrect. There should be a total of 29 units at 30% AMI. Please make the correction and resend the report.

Ron Pegram
Principal
Property Resources
1901 Central Drive Suite 708
Bedford, Texas 76021
PH: (817) 267-2492
FX: (817) 267-2681

Exhibit C

Bast, Cynthia L.

From: rpegram@swbell.net
Sent: Sunday, July 26, 2009 5:38 PM
To: Sharon Gamble
Cc: Robbye Meyer; Bast, Cynthia L.; Pamela Cloyde; Annette Pegram
Subject: Fw: 09108 Peachtree Seniors - Application Score Update
Attachments: 09108 Revised Scoring Notice.pdf

--- On **Sun, 7/26/09, Sharon Gamble** ***<sharon.gamble@tdhca.state.tx.us>*** wrote:

> From: Sharon Gamble <sharon.gamble@tdhca.state.tx.us>
> Subject: 09108 Peachtree Seniors - Application Score Update
> To: rpegram@swbell.net, mkawanzaruwa@sbcglobal.net
> Cc: "Robbye Meyer" <robbye.meyer@tdhca.state.tx.us>
> Date: Sunday, July 26, 2009, 2:32 PM
>
> Ron:

Attached is a revised scoring notice for your Application. The score has been revised for the following reason:

§49.9(i)(7) – Rent Levels of Units: To be eligible to receive points for this item, the Application must provide at least an additional 5% of all LI Units in excess of those committed in §49.9(i)(3) at rents and incomes at or below 50%. Due to changes made during the underwriting of your Application, the Application no longer meets the requirements for points under this item. (12 points requested, 0 points awarded)

If you have questions, please contact me.

Sharon D. Gamble

Multifamily HTC Program Administrator

(512) 475-4610 (direct)

(512) 475-0764 (fax)

Exhibit D

Bast, Cynthia L.

From: rpegram@swbell.net
Sent: Sunday, July 26, 2009 5:38 PM
To: Sharon Gamble
Cc: Robbye Meyer; Bast, Cynthia L.; Pamela Cloyde; Annette Pegram
Subject: Fw: 09108 Peachtree Seniors - Application Score Update
Attachments: 09108 Revised Scoring Notice.pdf

Sharon,
Please note that there were no changes made to our application in underwriting. There are 29 units at 30%AMI. The scoring for my application should not have changed. Please review this and confirm our original score. Please see my email to Pamela attached.

--- On **Fri, 7/24/09, Ron Pegram** *<rpegram@swbell.net>* wrote:

> From: Ron Pegram <rpegram@swbell.net>
> Subject: Re: 09108 Peachtree Seniors Apartments
> To: "Pamela Cloyde" <pamela.cloyde@tdhca.state.tx.us>
> Cc: "Cynthia L. Bast" <cbast@lockelord.com>
> Date: Friday, July 24, 2009, 8:50 PM
>
> Pamela,
> I reviewed page 2 of the report and it appears that the number of 30% units is incorrect. There should be a total of 29 units at 30% AMI. Please make the correction and resend the report.
>
> Ron Pegram
> Principal
> Property Resources
> 1901 Central Drive Suite 708
> Bedford, Texas 76021
> PH: (817) 267-2492
> FX: (817) 267-2681

Exhibit E

Bast, Cynthia L.

From: rpegram@swbell.net
Sent: Tuesday, July 28, 2009 8:57 AM
To: Raquel Morales
Cc: Brent Stewart; Bast, Cynthia L.; Sharon Gamble; Robbye Meyer
Subject: RE: TDHCA # 09108 Peachtree Housing LP

Raquel,
I have reviewed your comments below and they appear to be inconsistent with what the department has done in the past and it is contrary to what you communicated to me by phone, when you advised I would be able to appeal at this Thursday's board meeting. Further you are suggesting that the report be appealed in September after the 2009 round has closed and this raises question. Can we be issued credits from the 2009 round after it closes?

Please note that you have stated that we have past the deadline for appealing when the report was not released until midafternoon on Friday the 24th. We could not have known the need for an appeal prior to the underwriting comments and release of the report. Once we recieved the report I then notified you of our intent to appeal on Monday the 27th after discussion it with my attorney, who fully expected to appeal the report before the board at the board meeting Thursday this week.

In addition to your comments I recieved notification that your department had reduced the overall score of my application by 15 points due to a change in unit mix reducing the number of 30% units. This elevates my concern as to the overall treatment the application because there were no changes during the underwriting process, and although I responded to the notification stating there were no changes. I have not recieved any communication from the department that the original scoring has been restored. Surely this is just an oversight and it will be quickly corrected such that we can appeal before the board on Thursday this week as planned.

Ron Pegram
Principal
Property Resources
1901 Central Drive Suite 708
Bedford, Texas 76021
PH: (817) 267-2492
FX: (817) 267-2681

Exhibit F

Bast, Cynthia L.

From: Sharon Gamble [sharon.gamble@tdhca.state.tx.us]

Sent: Tuesday, July 28, 2009 9:08 AM

To: rpegram@swbell.net; raquel.morales@tdhca.state.tx.us

Cc: brent.stewart@tdhca.state.tx.us; Bast, Cynthia L.; sharon.gamble@tdhca.state.tx.us; robbye.meyer@tdhca.state.tx.us

Subject: Re: TDHCA # 09108 Peachtree Housing LP

The change in the score was necessitated by the information contained in the underwriting report. The changes made to your unit mix is one of the things you may appeal when you appeal the underwriting of your application.
Sent via Blackberry

Exhibit G

Bast, Cynthia L.

From: Raquel Morales [raquel.morales@tdhca.state.tx.us]

Sent: Tuesday, July 28, 2009 9:33 AM

To: rpegram@swbell.net

Cc: Brent Stewart; Bast, Cynthia L.; Sharon Gamble; Robbye Meyer

Subject: RE: TDHCA # 09108 Peachtree Housing LP

Mr. Peagram,

My conversation with you last week stated that if you intended to appeal you underwriting report before the Board at Thursday's meeting, we'd need your appeal documentation on the weekend, if possible, or at the earliest you could provide it so that staff could have materials prepared to post first thing Monday morning to meet the emergency posting deadline. All we received from you late Monday was the form indicating that you will appeal, but no other documentation was provided. Therefore, while you're free to make comment and discuss the issue at the Board meeting, staff will not have had sufficient time, even at this hour since we still have not received the basis for your appeal, to address your issues.

I apologize if there was any miscommunication or misunderstanding with our conversation last week. As for the error in the underwriting report I believe we have or are in the process of correcting this and reposting a corrected version of the report. We will be sure that MF receives a copy of the corrected report to make sure any scoring issues that may have been affected by the error will be reconciled as soon as possible.

Please let me know if you have any further questions.

Raquel Morales
Manager, Real Estate Analysis Division
(512) 475-1676 - office
(512) 475-3746 - fax
raquel.morales@tdhca.state.tx.us

<u>Exhibit H</u>

Bast, Cynthia L.

From: Ron Pegram [rpegram@swbell.net]
Sent: Tuesday, July 28, 2009 2:58 PM
To: Bast, Cynthia L.
Subject: Fw: 09108 Peachtree Seniors
Attachments: 09108 Peachtree Seniors.pdf

--- On **Tue, 7/28/09, David Burrell** *<david.burrell@tdhca.state.tx.us>* wrote:

> From: David Burrell <david.burrell@tdhca.state.tx.us>
> Subject: 09108 Peachtree Seniors
> To: "Ron Pegram" <rpegram@swbell.net>
> Cc: "Brent Stewart" <brent.stewart@tdhca.state.tx.us>
> Date: Tuesday, July 28, 2009, 2:47 PM
>
> Mr. Pegram,
>
> Attached is an updated underwriting report for Peachtree Seniors. A correction was made to the table on the top of page 2 for the TDHCA Set-Asides for the LURA. The number of 60% units was changed from 94 to 115.
>
> Please feel free to give me a call if you should have any questions.

09108
Peachtree Senior's
Underwriting Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/24/09 PROGRAM: HTC 9% FILE NUMBER: **09108**

DEVELOPMENT

Peachtree Seniors Apartments

Location: 5009 Peachtree / 11209 Rylie Crest Drive Region: 3

City: Balch Springs County: Dallas Zip: 75108 ☐ QCT ☐ DDA

Key Attributes: Elderly, Special Needs, Urban, New Construction

ALLOCATION

	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
ARRA / TCAP Funds	$3,000,000	0.00%	40/40	**NA**	**NA**	**NA**
Housing Tax Credit (Annual)	$1,926,574			**$0**		

RECOMMENDATION

NOT RECOMMENDED DUE TO THE FOLLOWING:

- Pursuant to §1.32(i)(2) of the 2009 Real Estate Analysis Rules, the estimated deferred developer fee based on the Underwriter's recommended financing structure cannot be repaid from cashflow within the first fifteen (15) years of the long term proforma.

Currently there is not a NOFA available for the use of ARRA/TCAP funds which is a major source of funding proposed by the Applicant, and in the absence of the ARRA/TCAP funds, the alternative source would most likely be deferred developer fees; however, pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, if the development cannot repay the estimated deferred developer fee based on the Underwriter's recommended financing structure from cashflow within the first fifteen (15) years of the long term proforma, then the development is considered infeasible.

CONDITIONS

SHOULD THE BOARD WAIVE THE ABOVE ISSUES AND APPROVE THIS APPLICATION, SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

1 An annual allocation of tax credits in the amount of $1,926,574.

2 Receipt, review and acceptance, by commitment, of an alternative confirmed source for the proposed $3M in permanent funds.

3 Receipt, review, and acceptance, by carryover, of an executed HAP contract identifying the total number of covered units and the approved HAP rents.

4 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	29
60% of AMI	60% of AMI	115

STRENGTHS/MITIGATING FACTORS

- Overall capture rate is 56% and the sub-market occupancy is reported at 97%.
- Large units, 1,003 square foot average, should compete well in the market.
- A HAP contract will provide insulation from market risk on 21 units.

WEAKNESSES/RISK

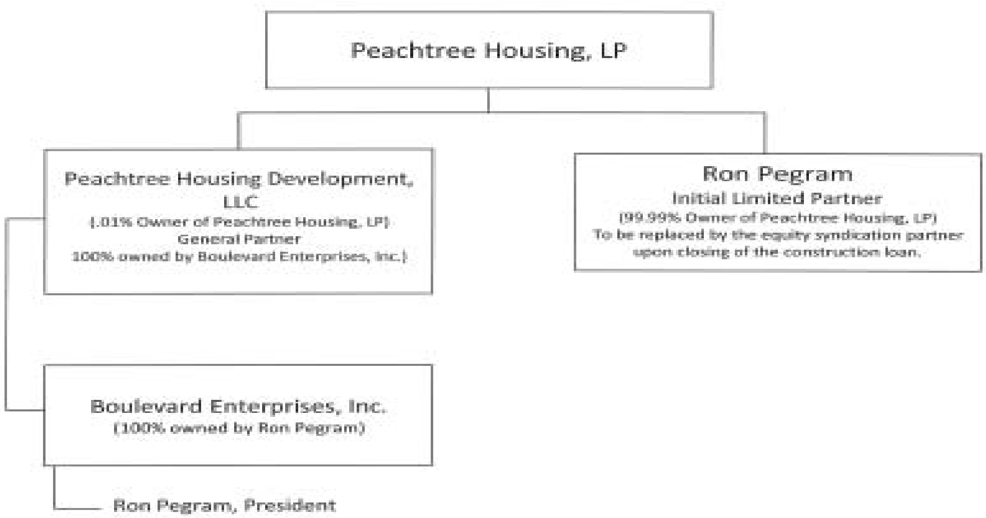
- All but the 30% AMI one-bedroom units have individual capture rates exceeding 90%.
- A 2005 senior LIHTC property in the PMA reportedly has never maintained occupancy greater than 80%. This may be due to property specific issues such as location or design.
- 60% AMI rents are essentially at market rent indicating the property is at risk for a decline in sub-market rental rates.

PREVIOUS UNDERWRITING REPORTS

The development was underwritten and the Applicant was awarded an allocation of Housing Tax Credits of $1,161,000 in the 2007 9% competitive tax credit cycle; however, the credits were returned to the Department in January 2009.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Ron Pegram	Phone:	(817) 267-8492	Fax:	(817) 267-2681
Email:	rpegram@swbell.net				

KEY PARTICIPANTS

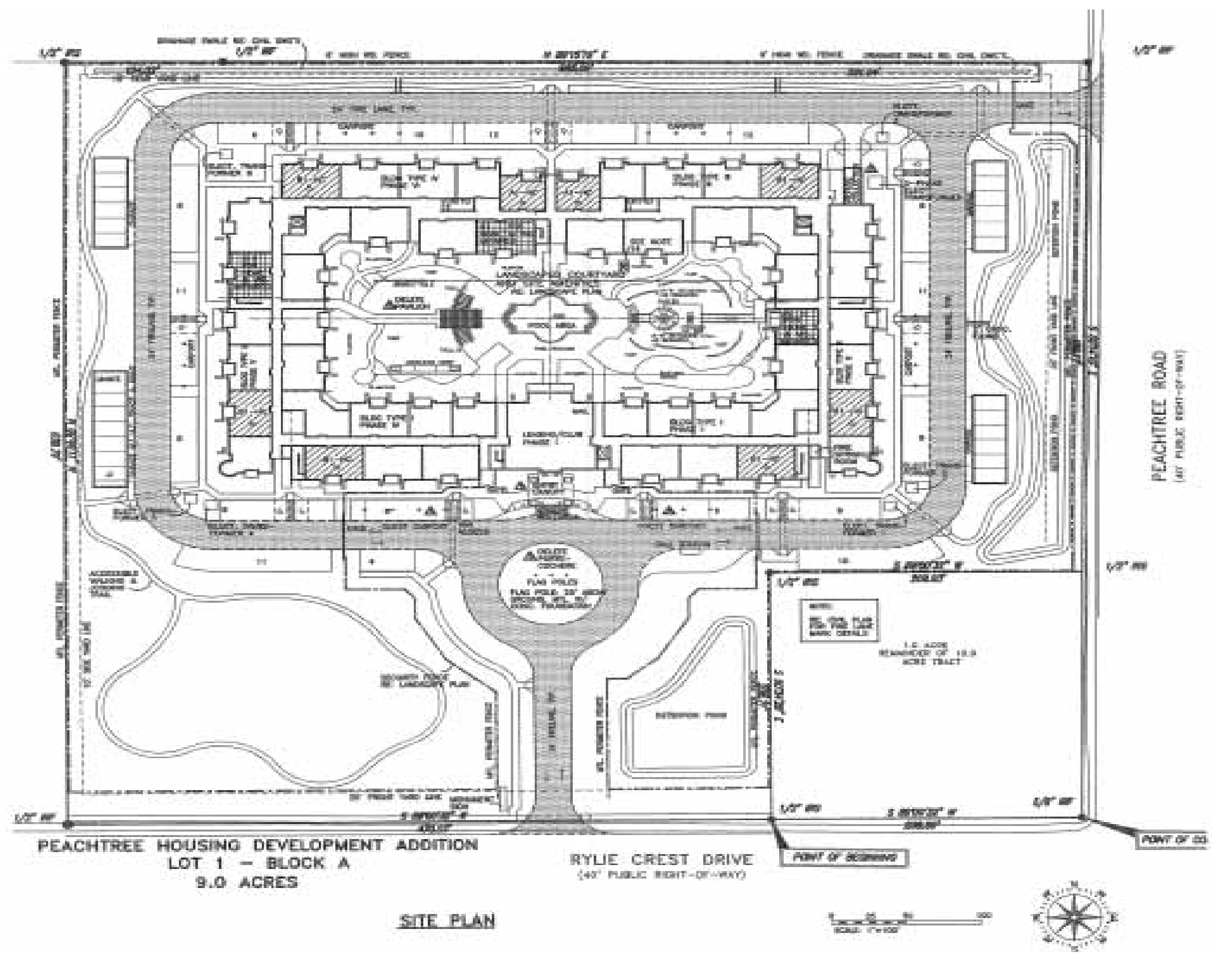
Name	Financial Notes	# of Complete Developments
Boulevard Enterprises, Inc.	N/A	None identified
RLP Development LLC	N/A	None identified
Ron Pegram	CONFIDENTIAL	1

IDENTITIES of INTEREST

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV							Total Buildings
Floors/Stories	3	3	3	3							
Number	2	2	1	1							**6**

This section intentionally left blank.

BR/BA	SF	Units										Total Units	Total SF
1/1	790	6	6	4	4							32	25,280
1/1	875		3									6	5,250
2/2	1,060	12	8	27	24							91	96,460
2/2	1,149				3							3	3,447
2/2	1,161	3		3	3							12	13,932
Units per Building		21	17	34	34							**144**	**144,369**

SITE ISSUES

Total Size: 10 acres — Scattered site? [ ] Yes [X] No

Flood Zone: X — Within 100-yr floodplain? [ ] Yes [X] No

Zoning: PD — Needs to be re-zoned? [ ] Yes [ ] No [X] N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff — Date: 4/1/2009

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: Imperial Electric Co./Farm Land — East: Residential/Vacant Land/Farm Land

South: Commercial/Residential — West: Elementary School

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Arkose Environmental, Inc. — Date: 2/24/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

"This assessment has revealed no evidence of recognized environmental conditions in connection with the Property." (p. v)

Comments:

The subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Phase I Environmental Assessment from 2007 for purposes of the current applications.

MARKET HIGHLIGHTS

Provider: Apartment MarketData — Date: 3/12/2007

Contact: Darrell Jack — Phone: (210) 530-0040 — Fax: (210) 340-5830

Number of Revisions: 1 — Date of Last Applicant Revision: 5/21/2009

The subject development received an award of tax credits in 2007; those credits have been returned and the subject is reapplying as part of the 2009 cycle. On February 5, 2009 the Board approved the use of the Market Study from 2007 for purposes of the current application. The market analysis has therefore been evaluated according to the 2007 guidelines under which the market study was prepared.

Primary Market Area (PMA): 49.5 sq. miles 4 mile equivalent radius

The 2007 market study stated that the Primary Market Area consisted of 49.54 square miles; however, the drawing provided and the stated boundaries define an area of only 19 square miles. The Market Analyst has been contacted, and has provided a revised definition of the PMA. The correct boundaries are Interstate 30 and US Highway 80 to the north; a straight line on the east, from Clay Road at US 80 to W. Lawson Road at Interstate 20; W. Lawson Road and US Highway 175 (CF Hawn Freeway) to the south; and N. Jim Miller Road to the west. The demographic data provided with the 2007 market study coincided with this area. The PMA had an estimated 2006 population of 165,250; this was consistent with the Real Estate Analysis Rules in effect at the time; current rules would limit the Primary Market Area to a population of 100,000.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
St. Augustine Estates	05609	150	150				

INCOME LIMITS						
Dallas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$14,200	$16,250	$18,250	$20,300	$21,900	$23,550
40	$18,920	$21,640	$24,320	$27,040	$29,200	$31,360
50	$23,650	$27,050	$30,400	$33,800	$36,500	$39,200
60	$28,380	$32,460	$36,480	$40,560	$43,800	$47,040

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	127	9	0	136	8	0	6%
1 BR/60%	144	15	0	159	30	0	19%
2 BR/30%	31	3	0	34	6	0	18%
2 BR/60%	54	3	0	57	100	0	175%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	32	5	0	37	8	0	22%
1 BR/60%	93	19	0	112	30	75	94%
2 BR/30%	19	3	0	23	21	0	93%
2 BR/60%	97	16	0	113	64	75	123%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst				760	62% 474
Underwriter	0% 15,011	100% 15,011	46% 6,847	29% 1,976	25% 486
PMA DEMAND from GROWTH					growth
Market Analyst					2
Underwriter	0% 292	100% 292	46% 133	29% 38	100% 38

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	**Inclusive Capture Rate**
Market Analyst	144	0	0	144	476	**30%**
Underwriter	144	150	0	294	524	**56%**

Proposed, Approved, Under Construction, and Unstabilized Comparable Supply:

As a result of the incorrect description of the Primary Market Area, the Market Analyst failed to identify a comparable property located within the PMA. St. Augustine Estates (#05609) is a 2005 senior development with 150 units located approximately 3 miles north of the subject. The Property Manager reports that as of March 2009, the occupancy at St. Augustine Estates has never exceeded 80%.

It should also be noted that Kleberg Commons (#09223), another 2009 application proposing 200 senior units, is located less than two miles south of the subject. It is located outside the subject PMA, and has not been included in the demand analysis.

Demand Analysis:

The market study analysis determined the eligible income ranges to be from $11,190 to $17,950 for the 30% units, and from $22,440 to $35,940 for the 60% units. Based on an extraordinarily high turnover rate of 62%, the Market Analyst identified demand for 474 units; and demand for 2 units due to household growth. Based on total demand for 476 units, and a supply limited to the subject, the Market Analyst concludes an inclusive capture rate of 30%.

Since 21 units at the subject will be covered by a HAP Rental Assistance contract with the Dallas Housing Authority (DHA), all senior households with incomes below 60% of AMI will be eligible tenants. Based on this, and applying a 25% turnover rate for senior renter households (from the 2000 census), the underwriting analysis identifies demand for 486 units due to household turnover, and demand for 38 units due to household growth. With total demand for 524 units, and a total supply of 294 units (including 150 units at St. Augustine Estates), the underwriting analysis concludes an inclusive capture rate of 56%. This is below the maximum capture rate of 75% for developments targeting seniors.

Primary Market Occupancy Rates:

The market study states that "The current stock of affordable housing in the primary market area consists of three family projects and one senior project. Currently these projects report an overall average occupancy of 97.5%". (p. 105) These statements apply to the incorrect, smaller market area rather than the full 50 square mile PMA. The fact that St. Augustine Estates has been in service for well over a year and has failed to achieve 80% occupancy is cause for concern.

Absorption Projections:

The market study states that "Today, the PMA is 93.9% occupied overall. Based on occupancy rates currently reported by existing projects, we opine that the market will readily accept the subject's units … There have been two affordable family projects built and leased over the past few years. These were Spring Oaks and The Masters Apartments. Both of these projects received allocations of LIHTC in 2004. Both have leased extremely well and are currently 98% and 94% occupied respectively." (pp. 107-110)

It should be noted that the market area has not performed as predicted. In the two years since the market study was prepared, the PMA has failed to completely absorb the 150 units at St. Augustine Estates.

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 790 SF 30%	$264	$271	$650	$271	$379
1 BR 790 SF 60%	$639	$651	$650	$651	($1)
1 BR 875 SF 60%	$639	$651	$650	$651	($1)
2 BR 1,060 SF 30%	$309	$317	$785	$317	$468
2 BR 1,060 SF 60%	$759	$773	$785	$773	$12
2 BR 1,060 SF 60%	$759	$759	$785	$759	$26
2 BR 1,149 SF 60%	$759	$773	$765	$773	($8)
2 BR 1,161 SF 60%	$759	$773	$785	$773	$12

Market Impact:

The failure of the PMA to absorb the units at St. Augustine Estates suggests that the market for senior units is saturated. The subject development has a market advantage, however, due to the HAP contract providing 21 project-based vouchers.

Comments:

St. Augustine Estates has been in service well over a year and has failed to lease up; and there are now 144 proposed senior units at the subject and 200 proposed senior units at Kleberg Commons. This is a total of 494 senior units within four miles of each other, in an area that is apparently not performing. So while the subject PMA meets the Real Estate Analysis guidelines, the Department has significant concern over the concentration of senior units in this area.

The underwriting analysis identifies sufficient demand to support the subject development; however, this conclusion relies on the existence of the project-based vouchers under the HAP contract with the Dallas Housing Authority. Any funding recommendation is therefore subject to receipt, review, and acceptance, at Cost Certification, of verification that the HAP contract with DHA continues to be valid.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 5/5/2009

The Applicant's projected rents collected per unit for the tax credit units were calculated by subtracting tenant-paid utilities maintained by the Balch Springs Housing Authority as of 10/1/2007 from the 2008 program rent limits. Additionally, the Applicant has indicated that 21 two-bedroom units will be covered under a Section 8 Housing Assistance Payment (HAP) contract through the Dallas Housing Authority. The Applicant's projected rent for these units are the anticipated HAP rents. The Applicant provided an executed Agreement to Enter into a HAP Contract with the Dallas Housing Authority once the units are completed. The Underwriter's projected rents were calculated by subtracting tenant paid utility allowances from the 2009 program rents for the tax credit units, and the anticipated HAP rents were utilized for the HAP units. However, any funding recommendation will be conditioned upon receipt, review and acceptance, by carryover, of an executed HAP contract identifying the units to be covered and the HAP rents approved.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection of $4,212 per unit is within 5% of the Underwriter's estimate of $4,006 derived from the TDHCA database and third party data sources. However, the Applicant's estimates of several line items differ significantly from the Underwriter's, specifically, general and administrative expenses ($14K higher), repairs and maintenance ($10K lower), water, sewer and trash ($12K higher) and property taxes ($44K higher).

The Applicant has indicated that the City of Balch Springs has granted a tax abatement in the amount of $37,500 annually for 10 years. It appears that the Applicant provided a letter from the City dated in 2007 when the original credits were awarded to this development. However, a current letter from the City has not been provided. For purposes of this analysis the Underwriter has factored this tax abatement from the City into the line item estimate, however, any funding recommendation will be conditioned upon receipt, review, and acceptance, by carryover, of a letter from the City of Balch Springs confirming the 10 year tax abatement and amount.

Conclusion:

The Applicant's estimate of effective gross income and total expenses are within 5% of the Underwriter's estimates; however, net operating income is not; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The proposed permanent financing structure results in an initial year's debt coverage ratio of 1.37 which falls slightly above the Department's maximum guideline. Therefore the Underwriter's recommended permanent loan amount will be adjusted, based on the terms provided in the financing commitment, in order to bring the DCR down to an acceptable level. This will be discussed in further detail in the "Conclusions" section of the report.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expenses and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	10 acres	$600,000	Tax Year:	2008
1 acre		$60,000	Valuation by:	Dallas CAD
Total Prorata:	9 acres	$540,000	Tax Rate:	2.37983

EVIDENCE of PROPERTY CONTROL

Type: Warranty Deed | Acreage: 10

Contract Expiration: N/A | Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $550,000 | Other:

Seller: Oscar B. Hernandez | Related to Development Team? [ ] Yes [X] No

Comments:

The Applicant closed on the purchase of the subject property on October 17, 2007 after award of 2007 credits.

TITLE

Comments:

The Applicant was awarded housing tax credits in 2007 and commenced development of the property by purchasing the land and executing a note and Deed of Trust dated October 17, 2007. The note is in the principal sum of $1,272,394 securing indebtedness to Columbia Housing SLP Corporation and Columbia Housing/PNC Institutional Fund XX Limited Partnership. Additionally, Peachtree Housing, LP also executed a UCC-1 Financing Statement on the same date. The title company has indicated that the lien to be insured is to be given in renewal and extension, but not in extinguishment, and that it (the title company) will require copies of the Limited Partnership Agreement and Certificate of Partnership registered with the State of Texas.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: none Date of Last Applicant Revision: N/A

Acquisition Value:

The Applicant originally purchased a total of 10 acres for $550K. At $55K per acre, the Applicant's prorated acquisition cost for the subject 9 acres to be developed and restricted in the HTC LURA is $495,000. The Applicant also included $38,174 in closing costs which when added to the prorated cost for the development site supports the Applicant's total acquisition cost of $533,174.

Off-Site Cost:

The Applicant claimed off-site cost of $319,000 for the extension of sewer lines; however, he provided sufficient third party certification by a registered architect to justify the costs.

Sitework Cost:

The Applicant's proposed site work cost of $8,214 per unit is within the Department's guidelines; therefore, no further third party substantiation is required.

Direct Construction Cost:

The Applicant's direct construction cost is $632K or 7% higher than the Underwriter's Marshall and Swift Residential Cost Handbook-derived estimate.

Ineligible Costs:

The Applicant has correctly excluded the costs to construct the covered parking from eligible basis since the development will charge fees to tenants for these items.

Interim Interest Expense:

The Applicant overstated eligible interim expense by $79,863. Therefore, the Underwriter has moved this excess to ineligible costs.

Contingency & Fees:

The Applicant's eligible contingency cost were adjusted down by $25,976 and contractor fees were adjusted down by $68,733 to meet the Department's guidelines for 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 $17,482,990 supports annual tax credits of $2,045,510. 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 5/21/2009

Source: Richman Mortgage Type: **Interim to Permanent Financing**

Interim:	$3,800,469	Interest Rate:	8.0%	X	Fixed	Term:	27	months
Permanent:	$3,800,469	Interest Rate:	8.0%	X	Fixed	Term:	420	months

Comments:

During the construction phase, monthly payments of interest only will be paid based on the applicable interest rate based on a 30 year amortization. The interest rate for both the interim and permanent loans are to be set at the time of Rate Lock based on a fixed spread above the rate on 10 year US Treasury securities. The rates are estimated to be approximately 8% for underwriting purposes. The permanent loan will be amortized over 35 years with a 15 year term.

Source: City of Balch Springs Type: **Interim to Permanent Financing**

Interim:	$300,000	Interest Rate:	AFR	X	Fixed	Amort:	24	months
Permanent:	$300,000	Interest Rate:	AFR	X	Fixed	Amort:	360	months

Comments:

This loan is to be collateralized as a second lien loan and is to be paid back out of cash flow produced by the development.

Source: TDHCA -ARRA /TCAP Funds Type: **American Recovery Act Funds**

Principal: $3,000,000 Conditions:

Comments:

Based on the application materials it appears that the $3M proposed is being requested from the Department concurrently with the housing tax credits. However, at the time the HTC application was filed the Department did not have an open NOFA or program in place for any funds related to the American Recovery and Reinvestment Act. Without the these funds or a viable alternative, the application is not financially viable and no such alternative source has been provided.

It should be noted that the Applicant's original request was for the $3,000,000 to come from the Department's HOME funds; however, given that the City of Balch Springs is a Participating Jurisdiction, the Applicant was not eligible to request TDHCA HOME funds.

Source:	National Equity Fund, Inc.		Type:	**Syndication**	
Proceeds:	$12,492,869	Syndication Rate: 65%		Anticipated HTC:	$ 1,926,574
				Expiration:	no specified

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to $0.63. At this point the financial viability of the transaction may be jeopardized.

Amount:	$0	Type:	**Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated previously, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. Therefore the underwriting analysis assumes an increase in the permanent loan amount to $4,042,900 based on the terms reflected in the application materials. As a result the development's gap in financing will decrease.

The Applicant's total development cost less the adjusted first lien loan of $4,042,900 and the City of Balch Springs loan of $300,00 indicates the need for $15,250,440 in gap funds. Based on the submitted syndication terms a tax credit allocation of $2,351,830 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	$2,045,510
Allocation determined by gap in financing:	$2,351,830
Allocation requested by the Applicant:	**$1,926,574**

The allocation requested by the Applicant is recommending resulting in total syndication proceeds of $12,492,869 based on a syndication rate of 65%.

The Underwriter's recommended financing structure indicates the need for $2,757,571in additional permanent funds. Deferred developer fees in this amount are not repayable from development cashflow within the first 15 years of stabilized operation. Therefore, pursuant to §1.32(i)(2) of the 2009 Real Estate Analysis Rules, the development is characterized as infeasible and cannot be recommended for funding.

Should the Board waive the issues listed above and approve this application, such an award should be conditioned upon the Applicant providing an alternative source of financing for the proposed $3M in permanent funds.

Underwriter:	*D.P. Burrell*	Date:	July 24, 2009
Reviewing Underwriter:	*Raquel Morales*	Date:	July 24, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	July 24, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Peachtree Seniors Apartments, Balch Springs, HTC 9% #09108

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%		8	1	1	790	$380	$271	$2,168	$0.34	$109.00	$36.00
TC 60%		24	1	1	790	$760	$651	$15,624	$0.82	$109.00	$36.00
TC 60%		6	1	1	875	$760	$651	$3,906	$0.74	$109.00	$36.00
TC 30%		21	2	2	1,060	$456	$317	$6,657	$0.30	$139.00	$41.00
TC 60%		49	2	2	1,060	$912	$773	$37,877	$0.73	$139.00	$41.00
TC 60%	HAP	21	2	2	1,060	$912	$759	$15,939	$0.72	$139.00	$41.00
TC 60%		3	2	2	1,149	$912	$773	$2,319	$0.67	$139.00	$41.00
TC 60%		12	2	2	1,161	$912	$773	$9,276	$0.67	$139.00	$41.00
TOTAL:		144		AVERAGE:	1,003		$651	$93,766	$0.65	$131.08	$39.68

INCOME	Total Net Rentable Sq Ft: 144,369				TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$1,125,192	$1,107,432	Dallas		3
Secondary Income			Per Unit Per Month:	$15.00	25,920	25,920	$15.00	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,151,112	$1,133,352			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(86,333)	(84,996)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,064,779	$1,048,356			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.52%	$334	0.33	$48,117	$62,200	$0.43	$432	5.93%
Management		4.10%	303	0.30	43,645	41,934	0.29	291	4.00%
Payroll & Payroll Tax		13.32%	985	0.98	141,819	130,000	0.90	903	12.40%
Repairs & Maintenance		7.59%	561	0.56	80,768	70,200	0.49	488	6.70%
Utilities		4.70%	347	0.35	50,011	44,000	0.30	306	4.20%
Water, Sewer, & Trash		4.74%	350	0.35	50,470	62,750	0.43	436	5.99%
Property Insurance		3.43%	254	0.25	36,573	28,800	0.20	200	2.75%
Property Tax	2.38	7.74%	573	0.57	82,443	127,000	0.88	882	12.11%
Reserve for Replacements		3.72%	275	0.27	39,600	39,600	0.27	275	3.78%
TDHCA Compliance Fees		0.54%	40	0.04	5,760		0.00	0	0.00%
Other:		0.00%	0	0.00	0		0.00	0	0.00%
TOTAL EXPENSES		54.40%	$4,022	$4.01	$579,208	$606,484	$4.20	$4,212	57.85%
NET OPERATING INC		45.60%	$3,372	$3.36	$485,570	$441,872	$3.06	$3,069	42.15%
DEBT SERVICE									
Richman Mortgage		31.82%	$2,353	$2.35	$338,794	$323,919	$2.24	$2,249	30.90%
TDHCA/TCAP Loan		0.00%	$0	$0.00	0	23,000	$0.16	$160	2.19%
City of Balch Springs		1.42%	$105	$0.10	15,100	15,100	$0.10	$105	1.44%
NET CASH FLOW		12.37%	$914	$0.91	$131,676	$79,853	$0.55	$555	7.62%
AGGREGATE DEBT COVERAGE RATIO					1.37	1.22			
RECOMMENDED DEBT COVERAGE RATIO					1.35				

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)		2.84%	$3,703	$3.69	$533,174	$533,174	$3.69	$3,703	2.72%
Off-Sites		1.70%	2,215	2.21	319,000	319,000	2.21	2,215	1.63%
Sitework		6.30%	8,214	8.19	1,182,800	1,182,800	8.19	8,214	6.04%
Direct Construction		48.84%	63,644	63.48	9,164,684	9,797,682	67.87	68,039	50.01%
Contingency	5.00%	2.76%	3,593	3.58	517,374	575,000	3.98	3,993	2.93%
Contractor's Fees	14.00%	7.72%	10,060	10.03	1,448,648	1,606,000	11.12	11,153	8.20%
Indirect Construction		8.34%	10,873	10.85	1,565,695	1,565,695	10.85	10,873	7.99%
Ineligible Costs		3.71%	4,831	4.82	695,665	675,189	4.68	4,689	3.45%
Developer's Fees	14.96%	11.60%	15,116	15.08	2,176,757	2,176,757	15.08	15,116	11.11%
Interim Financing		3.59%	4,679	4.67	673,764	673,764	4.67	4,679	3.44%
Reserves		2.60%	3,391	3.38	488,279	488,279	3.38	3,391	2.49%
TOTAL COST		100.00%	$130,318	$129.99	$18,765,839	$19,593,340	$135.72	$136,065	100.00%
Construction Cost Recap		*65.62%*	***$85,510***	***$85.29***	***$12,313,506***	***$13,161,482***	***$91.17***	***$91,399***	*67.17%*

SOURCES OF FUNDS						RECOMMENDED	
Richman Mortgage	20.25%	$26,392	$26.32	$3,800,469	$3,800,469	$4,042,900	Developer Fee Available
TDHCA/ARRA	15.99%	$20,833	$20.78	3,000,000	3,000,000	0	$1
City of Balch Springs	1.60%	$2,083	$2.08	300,000	300,000	300,000	$2,176,757
HTC Syndication Proceeds	66.57%	$86,756	$86.53	12,492,869	12,492,869	12,492,869	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0	2,757,571	127%
Additional (Excess) Funds Req'd	-4.41%	($5,747)	($5.73)	(827,499)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$18,765,839	$19,593,338	$19,593,340	$2,282,729

Peachtree Seniors Apartments, Balch Springs, HTC 9% #09108

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$54.96	$7,935,019
Adjustments				
Exterior Wall Finish	3.20%		$1.76	$253,921
Elderly	3.00%		1.65	238,051
9-Ft. Ceilings	3.40%		1.87	269,791
Roofing			0.00	0
Subfloor			1.31	189,605
Floor Cover			2.38	343,598
Breezeways/Balconies	$22.95	47,173	7.50	1,082,620
Plumbing Fixtures	$835	318	1.84	265,530
Rough-ins	$410	288	0.82	118,080
Built-In Appliances	$1,800	144	1.80	259,200
Exterior Stairs	$1,875	16	0.21	30,000
Elevators	$35,400	3	0.74	106,200
Heating/Cooling			1.83	264,195
Flat Shed Carports	10.37	3600	0.26	37,332
Detached Garages	$18.58	6,545	0.84	121,606
Comm &/or Aux Bldgs	$68.75	9,332	4.44	641,575
Other: fire sprinkler	$2.15	186,713	2.78	401,433
SUBTOTAL			86.98	12,557,755
Current Cost Multiplier	1.01		0.87	125,578
Local Multiplier	0.90		(8.70)	(1,255,776)
TOTAL DIRECT CONSTRUCTION COSTS			$79.16	$11,427,557
Plans, specs, survy, bld prmts	3.90%		($3.09)	($445,675)
Interim Construction Interest	3.38%		(2.67)	(385,680)
Contractor's OH & Profit	11.50%		(9.10)	(1,314,169)
NET DIRECT CONSTRUCTION COSTS			$64.29	$9,282,033

PAYMENT COMPUTATION

Primary	$3,975,000	Amort	420
Int Rate	8.00%	DCR	1.43

Secondary	$3,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.43

Additional	$300,000	Amort	360
Int Rate	2.96%	Aggregate DCR	1.37

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$344,582
Secondary Debt Service	0
Additional Debt Service	15,100
NET CASH FLOW	$125,889

Primary	$4,042,900	Amort	420
Int Rate	8.00%	DCR	1.41

Secondary	$3,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.41

Additional	$300,000	Amort	360
Int Rate	2.96%	Aggregate DCR	1.35

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

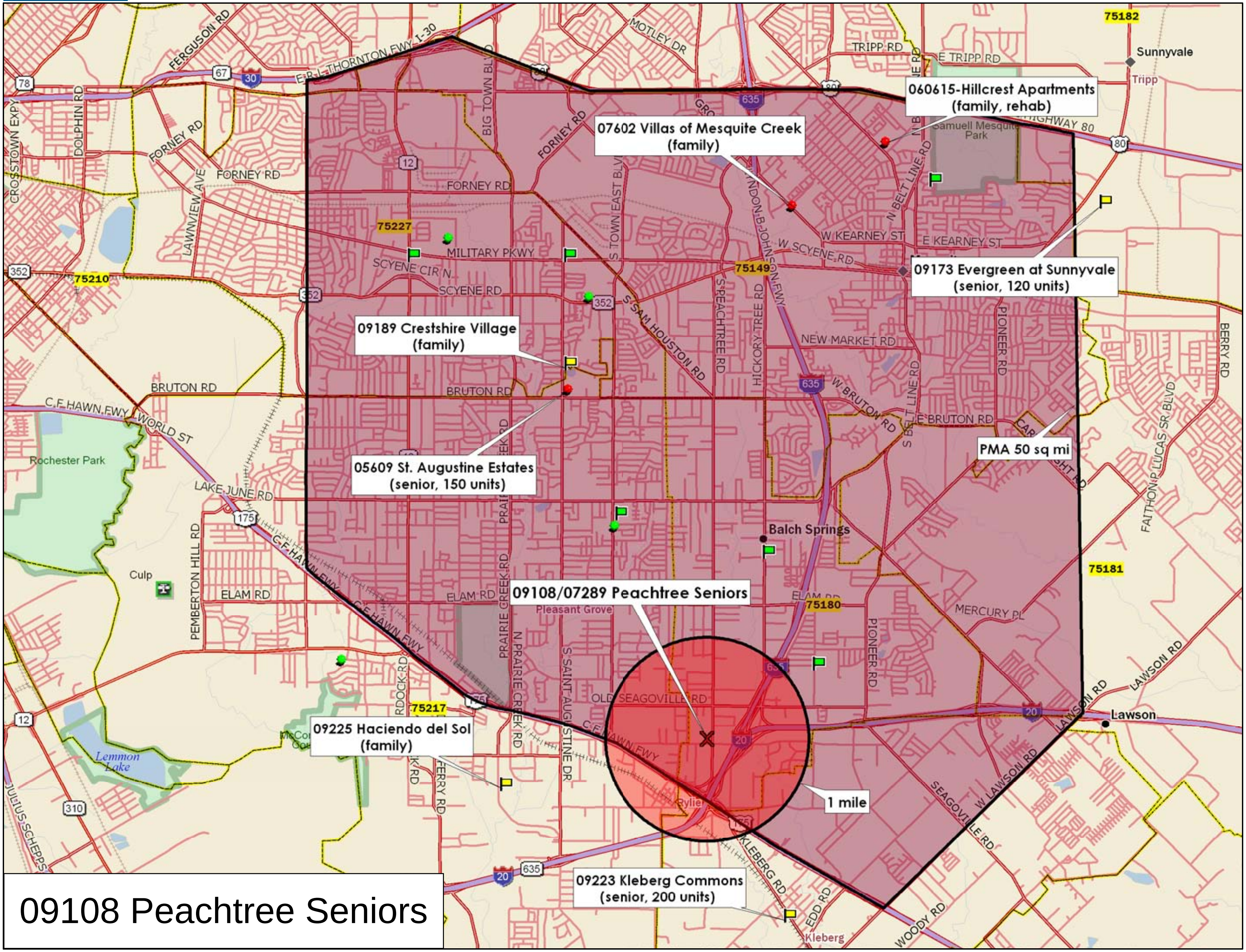
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,125,192	$1,147,696	$1,170,650	$1,194,063	$1,217,944	$1,344,709	$1,484,667	$1,639,192	$1,998,166
Secondary Income	25,920	26,438	26,967	27,507	28,057	30,977	34,201	37,761	46,030
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,151,112	1,174,134	1,197,617	1,221,569	1,246,001	1,375,685	1,518,868	1,676,953	2,044,196
Vacancy & Collection Loss	(86,333)	(88,060)	(89,821)	(91,618)	(93,450)	(103,176)	(113,915)	(125,771)	(153,315)
Employee or Other Non-Rental Units or	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,064,779	$1,086,074	$1,107,796	$1,129,952	$1,152,551	$1,272,509	$1,404,953	$1,551,181	$1,890,881
EXPENSES at 3.00%									
General & Administrative	$48,117	$49,561	$51,048	$52,579	$54,157	$62,782	$72,782	$84,374	$113,392
Management	43,645	44,518	45,409	46,317	47,243	52,160	57,589	63,583	77,507
Payroll & Payroll Tax	141,819	146,073	150,456	154,969	159,618	185,041	214,514	248,680	334,205
Repairs & Maintenance	80,768	83,191	85,687	88,258	90,905	105,384	122,169	141,628	190,336
Utilities	50,011	51,512	53,057	54,649	56,288	65,254	75,647	87,695	117,855
Water, Sewer & Trash	50,470	51,984	53,544	55,150	56,805	65,852	76,341	88,500	118,936
Insurance	36,573	37,671	38,801	39,965	41,164	47,720	55,321	64,132	86,188
Property Tax	82,443	84,917	87,464	90,088	92,791	107,570	124,703	144,565	194,283
Reserve for Replacements	39,600	40,788	42,012	43,272	44,570	51,669	59,899	69,439	93,320
Other	5,760	5,933	6,111	6,294	6,483	7,515	8,713	10,100	13,574
TOTAL EXPENSES	$579,208	$596,148	$613,587	$631,541	$650,024	$750,948	$867,676	$1,002,696	$1,339,596
NET OPERATING INCOME	$485,570	$489,926	$494,208	$498,411	$502,527	$521,561	$537,277	$548,486	$551,285
DEBT SERVICE									
First Lien Financing	$344,582	$344,582	$344,582	$344,582	$344,582	$344,582	$344,582	$344,582	$344,582
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100	15,100
NET CASH FLOW	$125,889	$130,244	$134,527	$138,729	$142,845	$161,879	$177,595	$188,804	$191,603
DEBT COVERAGE RATIO	1.35	1.36	1.37	1.39	1.40	1.45	1.49	1.52	1.53

HTC ALLOCATION ANALYSIS -Peachtree Seniors Apartments, Balch Springs, HTC 9% #09108

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$533,174	$533,174		
Purchase of buildings				
Off-Site Improvements	$319,000	$319,000		
Sitework	$1,182,800	$1,182,800	$1,182,800	$1,182,800
Construction Hard Costs	$9,797,682	$9,164,684	$9,797,682	$9,164,684
Contractor Fees	$1,606,000	$1,448,648	$1,537,267	$1,448,648
Contingencies	$575,000	$517,374	$549,024	$517,374
Eligible Indirect Fees	$1,565,695	$1,565,695	$1,565,695	$1,565,695
Eligible Financing Fees	$673,764	$673,764	$673,764	$673,764
All Ineligible Costs	$675,189	$695,665		
Developer Fees				
Developer Fees	$2,176,757	$2,176,757	$2,176,757	$2,176,757
Development Reserves	$488,279	$488,279		
TOTAL DEVELOPMENT COSTS	$19,593,340	$18,765,839	$17,482,990	$16,729,722

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		$17,482,990	$16,729,722
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$22,727,886	$21,748,638
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$22,727,886	$21,748,638
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$2,045,510	$1,957,377
Syndication Proceeds	**0.6484**	**$13,264,108**	**$12,692,614**

Total Tax Credits (Eligible Basis Method)	**$2,045,510**	**$1,957,377**
Syndication Proceeds	**$13,264,108**	**$12,692,614**
Requested Tax Credits	**$1,926,574**	
Syndication Proceeds	**$12,492,869**	
Gap of Syndication Proceeds Needed	**$15,250,440**	
Total Tax Credits (Gap Method)	**$2,351,830**	



09108 Peachtree Seniors

09136
Gateway To Eden
Board Appeal

REAL ESTATE ANALYSIS DIVISION

BOARD ACTION REQUEST

SEPTEMBER 3, 2009

Action Items

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2009 Competitive Housing Tax Credit program, #09136 Gateway to Eden in the City of Eden, Texas.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

Mr. Ethan Horne, the Vice President of the General Partner of Gateway to Eden submitted an application for funding under the 2009 Competitive Housing Tax Credit program to construct 20 new single family residences of affordable housing targeting 30%, 50% and 60% households in Eden, Texas. The Applicant requested $476,746 in annual tax credits and $1,050,000 in TDHCA HOME funds to support a total development budget of $4,416,775.

The application is not recommended for funding due to the fact that the Underwriter's expense to income ratio exceeds the Department's maximum of 65% per the 2008 Real Estate Analysis Rules and Guidelines §1.32(i)(4).

The Applicant projected effective gross income for the development in the first year of stabilized operations to be $140,964 and expenses to be $91,600 for an expense to income ratio of 64.98%. The Underwriter concluded effective gross income for the first year of stabilized operations to be $140,237 and expenses to be $93,689 for an expense to income ratio of 66.81%.

The Applicant appealed staff's recommendation citing that in order to meet feasibility criteria that the proposed rents have been increased to match those provided in the underwriting report and the expenses have revised. The major change to expenses involves the payroll and payroll tax line-item; specifically regarding the manager's salary. The Applicant decision to decrease the manager's salary was based on a determination that a full-time manager would not be needed for only twenty units. The Applicant also adjusted the terms for the TDHCA HOME loan in order to keep the debt coverage ratio within 1.15 to 1.35 requirements. Therefore the Applicant's new information submitted within the appeal materials results in an expense to income ratio of 63.98% which would meet Departmental feasibility guidelines.

However, the Applicant's request that Staff look to new information provided within the appeal materials is not allowed pursuant to §49.17(b)(3) & §49.17(b)(5) of the 2009 QAP. With regard to the restructuring of the terms of the TDHCA HOME loan, the requested changes would only be considered or warranted if the new proforma information in your appeal was to be considered.

Recommendation

Staff recommends the Board deny the appeal.

09136
Gateway To Eden
Applicant Appeal to Board

8/20/2009

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Appeal for Gateway to Eden
TDHCA No. 09136

ATTENTION: PAMELA CLOYDE

Dear Mr. Gerber:

We are in receipt of your determination letter dated August 14, 2009. We respectfully request an appeal before the board on September 3 and will be prepared to submit further documentation at that time.

If you have any questions, please do not hesitate to contact Mr. Warren Maupin at 254-781-7347.

Sincerely,

Warren L. Maupin
General Partner

Attachment: 1

09136
Gateway To Eden
Executive Director
Appeal Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

August 14, 2009

Mary Graves
P.O. Box 818
Cross Plains, TX 76443
Telephone: (254) 725-6563
Telecopier: (254) 725-7764

Re: Executive Director Appeal for Gateway to Eden, TDHCA #09136

Dear Ms. Graves:

Appeal Review

I have reviewed the subject application, as well as your appeal that was received on August 13, 2009 regarding the underwriting recommendation dated August 7, 2009 of the above-referenced application. Pursuant to the Department's rules, Gateway to Eden was not recommended for a Housing Tax Credit award for the following reason:

- The Underwriter's expense to income ratio exceeds the Department's maximum of 65% and therefore the development is not financially feasible per 10 TAC §1.32(i)(4).

You have not contested that the application did not satisfy the 65% expense to income ratio test at application. Rather, you are asking:

- That staff look to new information provided within your appeal materials with regard to Potential Gross Rent and Annual Operating Expenses, and accept that the development could now be deemed financially feasible based on using higher rental income and lower operating expenses for specific line item expenses.
- That staff restructure the rate and terms of the requested HOME funds.

Because the new information provided in your appeal materials was not provided during the underwriting process, the new information could not have been evaluated by the Underwriter or included in the published underwriting report.

Therefore, pursuant to §49.17(b)(3) & §49.17(b)(5) of the 2009 QAP, Staff is unable to consider the new information presented in your appeal.

With regard to the restructuring of the terms of the TDHCA HOME loan, the requested changes would only be considered or warranted if the new proforma information in your appeal was to be considered.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Appeal Determination
The appeal is denied.

Pursuant to Title 10 Texas Administrative Code Section 1.7 you have not requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. Thus if you wish for this appeal to be considered by the Board at the September 3, 2009 Board meeting you need to notify the Department by the earlier of seven days from the date of this notice or three days prior to the meeting date.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

Sincerely,

Michael Gerber
Executive Director

MGG:RBS

09136
Gateway To Eden
Appeal Documentation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2009 Application Cycle
Underwriting Report Notice

Appeal Election Form: 09136 Gateway to Eden **Date Sent: 8/7/09**

I am in receipt of my 2009 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 49.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.
If my appeal is denied by the Executive Director, I

- [X] Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

- [ ] Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

- [ ] Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed [illegible signature]

Title Manager

Date 8-11-09

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

MKG Consulting, Inc.

Mary E. Graves, President
P. O. Box 818 Cross Plains, Texas 76443-0818
PH: 254-725-6563 FAX: 254-725-7764

August 13, 2009

Mr. Michael Gerber
TDHCA, Underwriting Department
221 East 11th Street
Austin, TX 78701

ATTENTION: MS. PAM CLOYDE – UNDERWRITING DEPARTMENT

RE: Appeal for Gateway to Eden
TDHCA No. 09136

Dear Mr. Gerber:

The above referenced project was not recommended for tax credits from the underwriting department due to expense to income ratio exceeding 65%.

Mr. Gerber this project is vital for the citizens of Eden. The City is excited to have new construction, as there have not been any new homes built there in over ten years. The owners are very interested in this unique project, and propose to sell these homes to low-income families at the end of 15 years.

In order to meet the requirements, the rents have been increased to match those provided in the underwriting report and the expenses have been revisited. The major change in expenses is the manager's salary and it was determined that a full-time manager would not be needed for only twenty units. The expense to income ratio has been reduced to 63.98% which is 1.02% less than the required 65%.

The Development Team is willing to accept the $413,634 offered for annual tax credits.

The Owner is requesting $1,050,000 in HOME funds at 1.5% interest rate amortized over 35 years. The different rates and terms are in order to keep the debt coverage ratios within the 1.15 and 1.35 requirements

Your prompt and favorable decision is very much anticipated and appreciated. If you need anything else, please do not hesitate to contact me at 325-665-8061 or Warren Maupin at 254-718-7347.

Sincerely,

Mary E. Graves

Mary E. Graves
President

Attachment: Rent Schedule, Annual Operating Expenses, 30 Year Pro-Forma

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms"and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Rental Income/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: (TC30%), (TC40%), (TC50%), (TC60%), Employee Occupied (EO), Market Rate (MR), as allowed by Sec. 42.

501(c)(3) Mortgage Revenue Bond: (MRB), (MRB30%), (MRB40%), (MRB50%), (MRB60%), Market Rate(MRBMR).

HOME: High (HH), Low (LH), Employee Occupied non LI unit (MR/EO), Market Rate (MR)

Other: describe any "Other" rental assistance or rent restrictions in the space provided; documentation supporting the rentl assistance or restrictions must be provided

Housing Trust Fund : (HTF30%), (HTF40%), (HTF50%), (HTF60%), (HTF80%), Market Rate (MR)

Units funded under more than one program, the "Program Rent Limit" should be the most restrictive - for example, a LH and TC60% unit would use the "LH" Program rent limit.

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.

Development Name: **Gateway to Eden** City: **Eden**

HTC Unit Designation	HOME Unit Designation	HTF Unit Designation	MRB Unit Designation	Other	# of Units (A)	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit (E)	Total Monthly Rent (A) x (E)
TC30%	LH				2	2	1.00	900	1,800	311	0	311	622
TC50%	LH				1	2	1.00	900	900	518	0	518	518
TC60%	HH				1	2	1.00	900	900	622	0	622	622
TC60%	HH				3	2	1.00	901	2,703	622	0	622	1,866
TC50%	LH				3	3	2.00	1,363	4,089	599	0	599	1,797
TC60%	HH				2	3	2.00	1,363	2,726	719	0	719	1,438
TC60%	HH				4	3	2.00	1,376	5,504	719	0	719	2,876
TC50%	LH				1	4	2.00	1,513	1,513	668	0	668	668
TC60%	HH				1	4	2.00	1,513	1,513	802	0	802	802
TC60%	HH				2	4	2.00	1,575	3,150	802	0	802	1,604
									0	0	0		-
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			TOTAL		20				24,798				12,813

Non Rental Income	$5.00	per unit/month for:	*late fees*	100
Non Rental Income	0.00	per unit/month for:	*interest on funds*	-
Non Rental Income	0.00	per unit/month for:	*describe source here*	
+ TOTAL NONRENTAL INCOME	$5.00	per unit/month		100
= POTENTIAL GROSS MONTHLY INCOME				12,913
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	968
- Rental Concessions				
= EFFECTIVE GROSS MONTHLY INCOME				11,945
x 12 = EFFECTIVE GROSS ANNUAL INCOME				143,334

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Cont.)

HOUSING TAX CREDITS	TC30%	2
	TC40%	0
	TC50%	5
	TC60%	13
	HTC LI Total	20
	TCEO	0
	MR	0
	MR Total	0
	TC Total	20
MORTGAGE REVENUE BOND	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
	MRB LI Total	0
	MRBMR	0
	MRBMR Total	0
	MRB Total	0

HOUSING TRUST FUND	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	HTF80%	0
	HTF LI Total	0
	MR	0
	MR Total	0
	HTF Total	0
HOME	HOME HH	13
	HOME LH	7
	HOME LI Total	20
	MR/EO	0
	MR	0
	MR Total	0
	HOME Total	20
OTHER	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

Volume 1, Tab 2. ACTIVITY OVERVIEW

Development Name: **Gateway to Eden** City: **Eden**

Part D. Annual Operating Expenses

General & Administrative Expenses					
Accounting		$	2,700.00		
Advertising		$	500.00		
Legal fees		$	250.00		
Leased equipment		$	-		
Postage & office supplies		$	1,000.00		
Telephone		$	1,500.00		
Other		$	800.00		
Total General & Administrative Expenses:				$	6,750.00
Management Fee:	Percent of Effective Gross Income:			$	7,000.00
Payroll, Payroll Tax & Employee Benefits					
Management		$	9,600.00		
Maintenance		$	4,800.00		
Other	*Insurance & Payroll Taxes*	$	1,530.00		
Total Payroll, Payroll Tax & Employee Benefits:				$	15,930.00
Repairs & Maintenance					
Elevator		$	-		
Exterminating		$	1,400.00		
Grounds		$	7,400.00		
Make-ready		$	2,000.00		
Repairs		$	500.00		
Pool		$	-		
Other	*Describe*	$	-		
Total Repairs & Maintenance:				$	11,300.00
Utilities (Enter development owner expense)					
Electric		$	6,000.00		
Natural gas		$	-		
Trash		$	3,800.00		
Water & sewer		$	11,000.00		
Other	*Describe*	$			
Total Utilities:				$	20,800.00
Annual Property Insurance:	Rate per net rentable square foot:	$	0.60	$	15,000.00
Property Taxes:					
Published Capitalization Rate: 10.00%	Source: Concho County				
Annual Property Taxes:	tax value of 334,000 @2.460186	$	8,120.00		
Payments in Lieu of Taxes:		$			
Other Taxes	*Describe*	$			
Total Property Taxes:				$	8,120.00
Reserve for Replacements:	Annual reserves per unit:	$	250	$	5,000.00
Other Expenses					
Cable TV		$	-		
Supportive service contract fees		$	-		
Compliance fees		$	800.00		
Security		$	-		
Other	*Training*	$	1,000.00		
Total Other Expenses:				$	1,800.00
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4585.00	$	91,700.00
	Expense to Income Ratio:		63.98%		
NET OPERATING INCOME (before debt service)				$	51,634.30
Annual Debt Service					
		$			
Home $1,050,000 35yr@1.5%		$	38682		
Describe Source		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.33	$	37,496.00
NET CASH FLOW				$	14,138.30

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part E. 30 Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: **Gateway to Eden** City: **Eden**

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
POTENTIAL GROSS ANNUAL RENTAL INCOME	$150,680	$153,756	$156,831	$159,968	$163,167	$166,430	$183,073	$202,127	$223,164	$246,391	$272,035
Secondary Income		1,200	1,236	1,273	1,311	1,351	$1,566	1,815	2,104	2,439	2,828
POTENTIAL GROSS ANNUAL INCOME	$150,680	$154,956	$158,067	$161,241	$164,478	$167,781	$184,639	$203,942	$225,268	$248,830	$274,863
Provision for Vacancy & Collection Loss	(75,000)	11,622	11,970	12,329	12,699	13,080	15,164	17,579	20,379	23,625	27,387
Rental Conessions		0									
EFFECTIVE GROSS ANNUAL INCOME	$75,680	$143,334	$146,097	$148,912	$151,779	$154,700	$169,475	$186,363	$204,889	$225,206	$247,476
EXPENSES											
General & Administrative Expenses	$8,500	$ 6,750.00	$7,020	$7,301	$7,593	$7,897	$9,607	$11,689	$14,221	$17,302	$21,051
Management Fee	5,000	7,000	7,280	7,571	7,874	8,189	9,963	12,122	14,748	17,943	21,831
Payroll, Payroll Tax & Employee Benefits	13,500	15,930	16,567	17,230	17,919	18,636	22,673	27,586	33,562	40,833	49,680
Repairs & Maintenance	0	11,300	11,752	12,222	12,711	13,219	16,083	19,568	23,807	28,965	35,241
Electric & Gas Utilities	3,000	6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	15,380	18,712
Water, Sewer & Trash Utilities	15,000	14,800	15,392	16,008	16,648	17,314	21,065	25,629	31,181	37,937	46,156
Annual Property Insurance Premiums	12,000	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	38,450	46,780
Property Tax	8,000	8,120	8,445	8,783	9,134	9,499	11,557	14,061	17,108	20,814	25,323
Reserve for Replacements	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Other Expenses:	3,500	1,800	1,872	1,947	2,025	2,106	2,562	3,117	3,792	4,614	5,614
TOTAL ANNUAL EXPENSES	$68,500	$91,700	$94,451	$97,284	$100,203	$103,208	$119,646	$138,702	$160,793	$186,403	$216,092
NET OPERATING INCOME	$7,180	$51,634	$51,646	$51,628	$51,576	$51,492	$49,829	$47,661	$44,096	$38,803	$31,384
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		$38,682	$38,682	$38,682	$38,682	$38,682	$38,682	$38,682	$38,682	$38,682	$38,682
Second Deed of Trust Annual Loan Payment											
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW	$7,180	$12,952	$12,964	$12,946	$12,894	$12,810	$11,147	$8,979	$5,414	$121	($7,298)
Debt Coverage Ratio	#DIV/0!	1.33	1.34	1.33	1.33	1.33	1.29	1.23	1.14	1.00	0.81

09136
Gateway To Eden
Underwriting Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/07/09 PROGRAM: 9% HTC / HOME FILE NUMBER: **09136**

DEVELOPMENT

Gateway to Eden

Location: Grant/Rudder Streets & Kelly Street Region: 12

City: Eden County: Concho Zip: 76837 ☐ QCT ☐ DDA

Key Attributes: Family, New Construction, Rural

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$1,050,000	1.90%	40/40	**$0**	**0.00%**	**0**
Housing Tax Credit (Annual)	$476,746			**$0**		

CONDITIONS

NOT RECOMMENDED SUBJECT TO THE FOLLOWING:

The Underwriter's expense to income ratio exceeds the Department's maximum of 65% and therefore the development is not financially feasible per 10 TAC §1.32(i)(4).

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:

1. A 9% HTC allocation not to exceed $413,634 annually. A TDHCA HOME allocation not to exceed $1,050,000 at 1.9% interest rate amortized over 40 years.
2. Recommended HOME award is subject to availability of funds. As of the date of this report it does not appear that the application will score high enough in the TDHCA HOME allocation to be awarded funds. Without the HOME funds or a viable alternative, the application is not financially viable and no such alternative source has been provided. Should HOME funds not be awarded to this development or an acceptable confirmed alternative not be provided by commitment, an allocation of tax credits would not be recommended.
3. Receipt, review and acceptance by commitment of documentation from a third party regarding the estimated utility expense for the development, which accounts for the use of the proposed solar system.
4. Receipt, review and acceptance by carryover of verification of the plan for the sale or storage of additional energy generated by the solar panels, and a bid for the installation of the planned system. Should the cost of the solar system differ from the estimated cost at application, an adjustment to the credit allocation amount may be warranted.
5. Receipt, review and acceptance of documentation that the additional acreage has been transferred at no cost to the local government or is encumbered or is reduced from the acquisition cost on a prorata basis by cost certification.
6. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	5
60% of AMI	60% of AMI	13

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	2
50% of AMI	Low HOME	5
60% of AMI	High HOME	13

PROS

- Overall capture rate of 11% and overall sub-market occupancy is reported at 97%.
- Single Family design with ample green space should allow this development to compete well against typical garden-style developments in the market area.
- Overall average rents are 28% below market rents.

CONS

- 60% AMI three and four bedroom units show capture rates of 114% and 98% respectively.
- The anticipated syndication proceeds as a percentage of total cost (84%) is higher than the typical percentage (less than 70%) for a 9% transaction due to the level of low income targeting and the 130% boost.
- If TDHCA HOME funds are unavailable this development will be financially infeasible without alternative sources of funds.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

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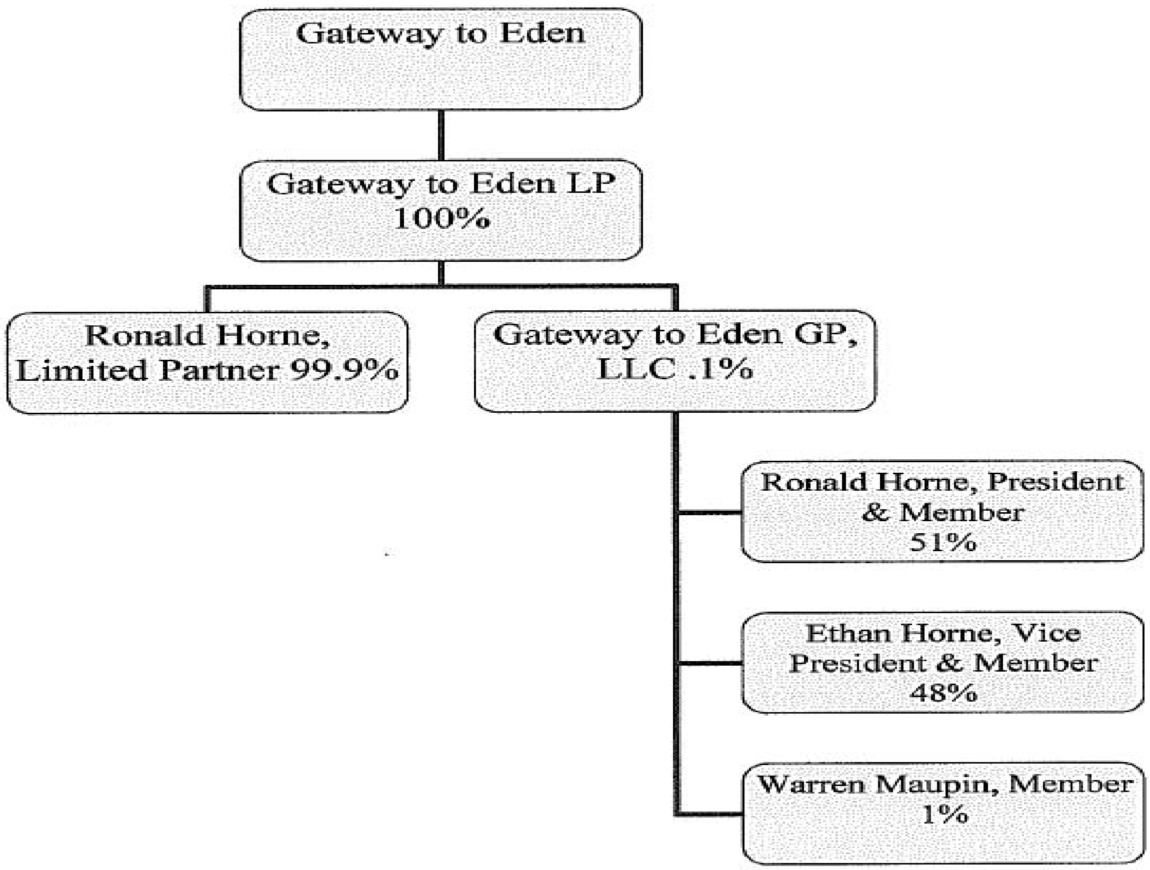
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Ethan Horne Phone: (512) 484-1727 Fax: (512) 448-4822
Email: ethanhorne@hotmail.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Warren L. & Terri L. Maupin	CONFIDENTIAL	5
Maupin Development	CONFIDENTIAL	5

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant & Developer are related entities. This is a common relationship for HTC-funded developments. The General Contractor, Property Manager, and Supportive Service Providers are "to be determined" as of this date.

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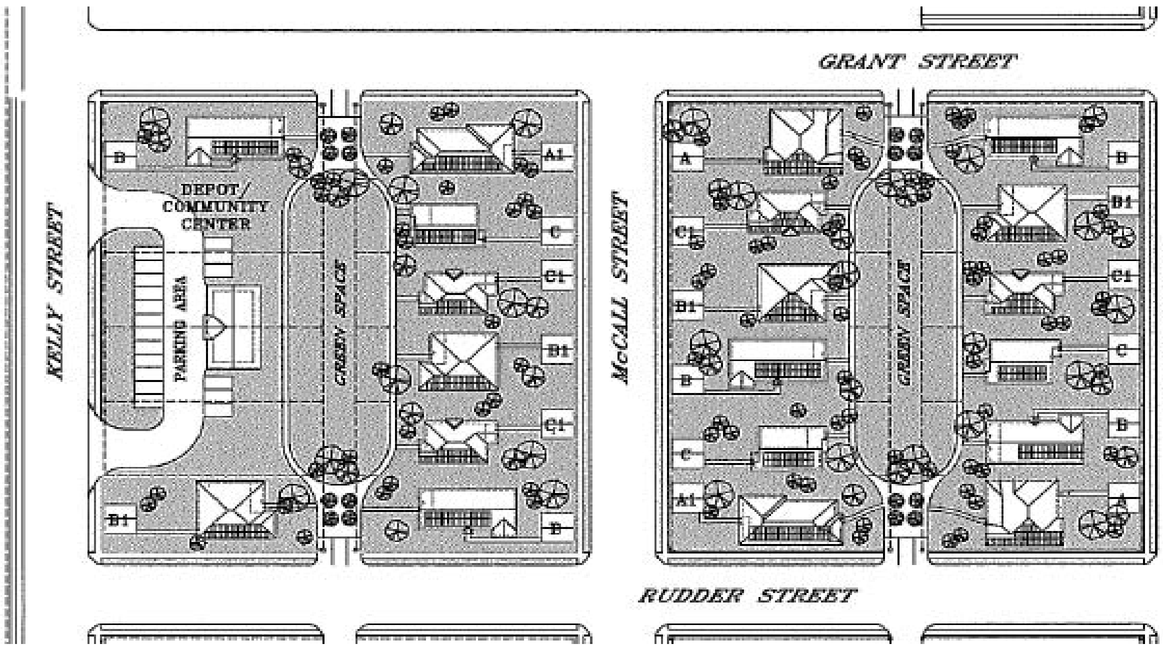
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	101-104	105-107	108-112	113-116	117-118	119-120					Total Buildings
Floors/Stories	1	1	1	1	1	1					
Number	4	3	5	4	2	2					**20**

BR/BA	SF	Units										Total Units	Total SF
2/1	900	1										4	3,600
2/1	901		1									3	2,703
3/2	1,363			1								5	6,815
3/2	1,376				1							4	5,504
4/2	1,513					1						2	3,026
4/2	1,575						1					2	3,150
Units per Building		1	1	1	1	1	1					**20**	**24,798**

SITE ISSUES

Total Size: 3.97 acres — Scattered site? ☐ Yes ☒ No

Flood Zone: Zone X — Within 100-yr floodplain? ☐ Yes ☒ No

Zoning: MF Housing — Needs to be re-zoned? ☐ Yes ☒ No ☐ N/A

Comments:

The subject property is currently zoned "B" Multi-Family Residential District as defined by the City of Eden Zoning Ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff — Date: 6/11/2009

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Residential | East: Residential; then Highway

South: Residential; then Downtown | West: Residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: SKG Engineering | Date: 11/5/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None.

MARKET HIGHLIGHTS

Provider: Ipser & Associates, Inc. | Date: 2/26/2009

Contact: Edward A. Ipser, Sr. | Phone: (817) 927-2838 | Fax: (817) 927-0032

Number of Revisions: None | Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 3646 sq. miles 34 mile equivalent radius

The market area has been selected based on employee commuting information provided by former Warden Charles Felts of the CCA Eden Detention Center. The primary market area is defined as Concho County including all or portions of three adjoining counties: McCulloch County to the east, Menard County to the south, and Census Tract 9501 portion of Tom Green County (equivalent to the East Tom Green County Census Division). Ballinger and Runnels County are excluded because of the greater distance. [pg. 2-3]

Geographies Selected:

County/Census Tract Numbers	State	County	MCD
48095	Texas	Concho County	
48307	Texas	McCulloch County	
48327	Texas	Menard County	
48451001600	Texas	Tom Green County	East Tom Green CCD

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
NONE								

INCOME LIMITS						
Concho						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$9,700	$11,100	$12,450	$13,850	$14,950	$16,050
50	$16,150	$18,450	$20,750	$23,050	$24,900	$26,750
60	$19,380	$22,140	$24,900	$27,660	$29,880	$32,100

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand (Year 1)	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/30%	33	-2	0	31	2	0	6%
2 BR/50%	44	-2	0	42	1	0	2%
2 BR/60%	40	-1	0	39	2	0	5%
3 BR/50%	18	0	0	18	3	0	17%
3 BR/60%	23	0	0	23	3	0	13%
4 BR/50%	3	0	0	3	1	0	33%
4 BR/60%	4	0	0	4	4	0	100%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/30%	3	0	0	2	2	0	0%
2 BR/50%	4	0	0	4	1	0	25%
2 BR/60%	5	0	0	5	4	0	85%
3 BR/50%	3	0	0	3	3	0	87%
3 BR/60%	5	0	0	5	6	0	114%
4 BR/50%	2	0	0	2	1	0	48%
4 BR/60%	3	0	0	3	3	0	98%

OVERALL DEMAND												
			Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER											turnover	
Market Analyst	p.	99	100%	6,760	100%	6,760	31%	2,109	24%	504	44%	221
Underwriter			100%	6,750	100%	6,750	31%	2,099	28%	596	30%	181
PMA DEMAND from GROWTH											growth	
Market Analyst	p.	99	100%	-9	100%	-9	31%	-3	24%	-1	100%	-1
Underwriter			100%	-9	100%	-9	31%	-3	28%	-1	100%	-1

INCLUSIVE CAPTURE RATE								
			Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst	p.	99	20		0	20	220	**9%**
Underwriter			20	0	0	20	180	**11%**

Supply and Demand Analysis:

There are no additional comparable properties within the PMA. Demand was found to be within the 25% guideline for an urban development. The Market Analyst used a turnover rate of 44% while the Underwriter used 30% according to TDHCA databases. This resulted in a slight discrepancy, but is still acceptable.

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Primary Market Occupancy Rates:

Occupancy in a total of 1,126 units surveyed by I&A staff was 97.2% (99.3% leased). In the 196 HTC units surveyed, occupancy is 93.9% (99.0% leased). Among the 13 locations surveyed, 4 have a physical occupancy of 100%, with an additional 5 complexes with occupancy over 95%. Eight of the 13 locations have a leased occupancy rate of 100%, 3 more have a leased rate of over 95%, and two others are leased between 91% and 94%. [pg 2-16]

Absorption Projections:

Absorption data are not available for the market area. The newest complex, Sagebrush Apartments in Brady is a HTC development that opened in 2002. They are currently 100% occupied and have a waiting list of 30-40 names. An indication of potential high absorption is that occupancy is high, with 97.2% physical occupancy and 99.3% leased occupancy. There were 31 vacancies found in the survey of apartments, and 49 on waiting lists at 3 complexes.

Based on information provided by the former warden at the detention center, nearly all of the employees are over qualified for the income limited HTC units. A few with large family may be eligible. However, rents for 4 of the 20 units are specified as market rate rents. These likely will be filled quickly by those detention center employees commuting in from Brady or San Angelo.

Average absorption for the subject is estimated at 6 to 8 units per month. It is expected that a 2 to 3 month lease-up period will be required to achieve 92.5% occupancy of the 20 units. Absorption will be accelerated by the acceptance of Section 8 Vouchers, as well as the fact that the subject offers units at 30% and 50% of AMI. [pg 2-18 & 2-19]

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 900 SF 30%	$310	$311	$740	$311	$429
2 BR 900 SF 50%	$518	$518	$740	$518	$222
2 BR 900 SF 60%	$577	$622	$740	$577	$163
2 BR 901 SF 60%	$577	$622	$740	$577	$163
3 BR 1,363 SF 50%	$599	$599	$890	$599	$291
3 BR 1,363 SF 60%	$744	$719	$890	$719	$171
3 BR 1,376 SF 60%	$744	$719	$890	$719	$171
4 BR 1,513 SF 50%	$668	$668	$995	$668	$327
4 BR 1,513 SF 60%	$769	$802	$995	$769	$226
4 BR 1,575 SF 60%	$769	$802	$995	$769	$226

Market Impact:

Data from the 1980, 1990 and 2000 U.S. Census (see Exhibits 1 and 2 in the Appendix) show that Eden grew more rapidly between 1990 and 2000 than in the prior decade, but is forecast to sustain small losses over the next 10 years. Total housing units in Eden increased by 14 between 1990 and 2000 while Concho County lost 26 and the market area lost 149. In Eden, renter occupied units increased by 3 while vacant units for rent decreased by 13. More housing units have been lost since 2000. The vacant, dilapidated housing units on the subject property have been razed. Also, some housing units suffered damage from the tornado that struck Eden in early 2008. Although the subject's 20 units will not create a significant impact on the area's housing market, it is significant in the small number of gains and losses in the Eden community. [pg 3-3 & 3-4]

Comments:

The market study provided sufficient information on which to base a funding recommendation.

This section intentionally left blank.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 3 Date of Last Applicant Revision: 7/17/2009

The developer plans to have an All Bills Paid structure for the development, which unusual for a single family development. As a result, the Applicant’s projected rents collected per unit are generally set at the lesser of the current HTC or HOME gross rent limits. For purposes of this analysis the Underwriter utilized the same rent structure for determining potential gross rent. Furthermore, the Applicant does not appear to be utilizing the most restrictive program rent for the 60% three-bedroom units; therefore, the Applicant's income appears to be slightly over-stated. The Market Analyst indicates that the maximum program rents can be achieved in the market.

It should be noted that through correspondence with the Applicant, the Underwriter was made aware that while the property is anticipated to be all-bills paid, the developer anticipates only paying up to the PHA allowance, thus any overage will be the responsibility of the tenant. However, Staff's current understanding is that this type utility payment to an owner and not to a provider is effectively a portion of the rent. Moreover, since this utility payment plus the tenant paid rent could exceed the maximum tax credit rent, this utility structure would violate Treasury regulations. Currently HUD has a unique caveat for similar situations that allows the Owner to charge tenants if their electric usage exceeds HUD approved kilowatt hour (KWH) thresholds for each unit type. However, the Applicant has not proposed any layering of HUD funds for the Subject development.

The Applicant’s vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, secondary income assumptions are not, as the Applicant included a nominal amount of $1 per unit. The Underwriter has included the minimum standard of $5 per unit for secondary income.

Expense: Number of Revisions: 3 Date of Last Applicant Revision: 7/17/2009

The Applicant’s total annual operating expense projection at $4,580 per unit is within 5% of the Underwriter’s estimate of $4,684, derived from the TDHCA database and third-party data sources. It must be noted that the Underwriter utilized the Applicant's expense estimate for utility expenses, due to a lack of comparable data for developments utilizing solar panels. Receipt, review and acceptance of documentation to support the Applicant's utility expense estimate is a condition of this report.

Conclusion:

Both the Applicant's and Underwriter's expense to income ratios (64.98% and 66.81%, respectively) are above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.

The Applicant’s effective gross income, and expenses are within 5% of the Underwriter’s estimates; however, net operating income is not. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year’s debt coverage ratio (DCR) of 1.24, which is within the Department’s DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter’s base year effective gross income, operating expense, and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow until year 20. However, as discussed above, the Underwriter's expense to income ratio is above the Department's 65% guideline. Therefore, pursuant to 10TAC§1.32(i)(4) the development must be characterized as infeasible and cannot be recommended for funding.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider:	Novogradac & Company, LLP		Date:	2/23/2009
Land Only:	4.98 acres	$65,000	As of:	2/23/2009
Existing Buildings: (as-is)		$0	As of:	2/23/2009
Total Development: (as-is)		$65,000	As of:	2/23/2009

Comments:

A full appraisal was provided by the Applicant to display the land value of the 4.5 acre site. It should be noted that the appraised value is more than the Applicant's $53K acquisition cost of the site. The Applicant's acquisition cost will be discussed in the Construction Cost Estimate Evaluation (below).

ASSESSED VALUE

Land Only:	4.769 acres	$17,500	Tax Year:	2009
1 acre:		$3,670	Valuation by:	Concho CAD
Total Prorata:	3.97 acres	$14,568	Tax Rate:	2.460186

EVIDENCE of PROPERTY CONTROL

Type: Tax Resale Deed — Acreage: 4.769

Contract Expiration: N/A — Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $2,024 — Other:

Seller: Concho County Appraisal District — Related to Development Team? [ ] Yes [X] No

Comments:

While the Tax Resale Deed shows there to be 8 parcels of land for a total of 4.769 acres the Applicant has explained that this acreage has been reduced to the 3.966 acres represented in the application. The City of Eden is using a portion of the total 4.769 acres to construct two streets (Grant & Rudder Streets), right of ways, and alleyways between Kelly and Smith Streets running parallel north and south along the proposed site. Grant and Rudder Streets are to be constructed by the city allowing access to the proposed alleyways as well as the north and south property boundaries.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 — Date of Last Applicant Revision: 7/17/2009

Acquisition Value:

The Applicant has provided a Tax Resale Deed dated January 5, 2009, for the purchase of the subject site for $2,024, which equates to $424 per acre or $101 per unit. The property is a 3.97 acre portion of a larger 4.79 acre tract. According to the Applicant, the site was reduced from 4.79 acres to 3.97 acres for the construction of Grant Street, Rudder Street, the right of way on McCall Street, and the alleyways within the site.

The Applicant has included an acquisition price of $53K in the development cost schedule. The Applicant claims that the purchase of the subject site was contingent upon the purchase of another adjacent 6.82 acre tract of land; however, the Applicant did not include the 6.82 acre tract in the original application and no documentation to support the claimed acquisition cost was provided. Upon a request for additional information regarding the purchased 6.82 tract, the Applicant provided a copy of an unsigned Buyer's Closing Statement indicating a purchase price of $50K for the 6.82 acres. Furthermore, according to the Applicant, the 6.82 acres is intended to be green space or a park for the City of Eden; however the Applicant has not indicated any plans to dedicate this land to the City or restrict the full 11.58 acres in the LURA.

Therefore, the Underwriter's development cost schedule reflects an acquisition cost of $2,024. If the Applicant's total development costs are otherwise acceptable for the determination of total development costs, an adjustment to the sources of funds will be made to account for the Applicant's overstated acquisition cost.

Off-Site Cost:

The Applicant claimed off-site costs of $12,903 for city street paving and concrete curbs and provided sufficient third party certification through a licensed professional engineer to justify these costs.

Sitework Cost:

The Applicant’s claimed sitework costs of $8,875 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 $414K or 20% higher than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant’s eligible interim financing fees by $11,250 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.

Conclusion:

The Applicant’s total development cost is not within 5% of the Underwriter’s estimate; therefore, the Underwriter’s cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $3,592,404 supports annual tax credits of $420,311. 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 7/17/2009

Source: Raymond James Multifamily Finance, Inc. Type: **Interim Financing**

Principal: $900,000 Interest Rate: 6.25% ☐ Fixed Term: 24 months

Comments:

The interest rate will be floating based on the Wall Street Journal prime rate plus 3%. For the purpose of calculating eligible interim interest the Underwriter utilized a rate of 6.25%, which is the current WSJ prime rate as of the date of this report plus 3%..

Source: TDHCA HOME Funds Type: **Permanent Financing**

Principal: $1,050,000 Interest Rate: 1.9% X Fixed Amort: 480 months

Comments:

The Applicant originally requested a 0% interest rate with the same terms outlined above for TDHCA HOME Funds. This caused the expense to income ratio and the debt coverage ratio to be outside of TDHCA guidelines. The Applicant revised the Annual Operating Proforma to include a higher debt service based off the above terms (interest rate of 1.9%). The recommended financing structure reflects the Applicant's revised request.

Source: Raymond James Tax Credit Funds, Inc. Type: **Syndication**

Proceeds: $3,289,216 Syndication Rate: 69% Anticipated HTC: $ 476,746

Comments:

A decrease below $0.57 per dollar of credit may jeopardize the financial viability of the transaction. The commitment letter will expire on 12/31/2009 if closing has not occurred or an extension has not been granted.

Amount:	$228	Type:	**Deferred Developer Fees (cash equity)**
Amount:	$77,000	Type:	**City of Eden (In Kind Contribution)**

Comments:

City of Eden has committed to provide an in-kind contribution in the form of sewer lines, fire hydrants, and water lines and meter installation for this development. The City will also provide for the broker's fee to determine the value of the alley's that were closed and donated to the subject.

CONCLUSIONS

Recommended Financing Structure:

The Underwriter’s total development cost estimate less the permanent loan of $1,050,000 indicates the need for $2,853,790 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $413,634 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	$420,311
Allocation determined by gap in financing:	**$413,634**
Allocation requested by the Applicant:	$476,746

The allocation amount determined by the Underwriter's calculation of the Development's gap in financing is recommended. A tax credit allocation of $413,634 per year for 10 years results in total equity proceeds of $2,853,790 at a syndication rate of $0.69 per tax credit dollar.

The Underwriter’s recommended financing structure indicates no need for deferred developer fee. It should be noted that $530K is available from the deferred developer fee, however 15 year cash flow projections estimate that $129K of the developer fee could be repaid within 15 years of stabilized operations.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of just over 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	*Colton Sanders*	Date:	August 7, 2009
Reviewing Underwriter	*Audrey Martin / Diamond Thompson*	Date:	August 7, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	August 7, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Gateway to Eden, Eden, 9% HTC / HOME #09136

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Utilities	WS&T
TC 30%	LH	2	2	1	900	311	311	$622	$0.35	$83.00	$60.00
TC 50%	LH	1	2	1	900	518	518	$518	$0.58	$83.00	$60.00
TC 60%	HH	1	2	1	900	622	577	$577	$0.64	$83.00	$60.00
TC 60%	HH	3	2	1	901	622	577	$1,731	$0.64	$83.00	$60.00
TC 50%	LH	3	3	2	1,363	599	599	$1,797	$0.44	$86.00	$60.00
TC 60%	HH	2	3	2	1,363	719	719	$1,438	$0.53	$86.00	$60.00
TC 60%	HH	4	3	2	1,376	719	719	$2,876	$0.52	$86.00	$60.00
TC 50%	LH	1	4	2	1,513	668	668	$668	$0.44	$96.00	$60.00
TC 60%	HH	1	4	2	1,513	802	769	$769	$0.51	$96.00	$60.00
TC 60%	HH	2	4	2	1,575	802	769	$1,538	$0.49	$96.00	$60.00
TOTAL:		20		AVERAGE:	1,240		$627	$12,534	$0.51	$86.95	$60.00

INCOME	Total Net Rentable Sq Ft:	24,798		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$150,408	$152,160	Concho		12
Secondary Income		Per Unit Per Month:	$5.00	1,200	240	$1.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$151,608	$152,400			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(11,371)	(11,436)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$140,237	$140,964			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.74%	$332	0.27	$6,648	$5,950	$0.24	$298	4.22%
Management		5.00%	351	0.28	7,012	6,500	0.26	325	4.61%
Payroll & Payroll Tax		12.48%	875	0.71	17,501	17,130	0.69	857	12.15%
Repairs & Maintenance		8.39%	588	0.47	11,766	11,300	0.46	565	8.02%
Utilities		4.28%	300	0.24	6,000	6,000	0.24	300	4.26%
Water, Sewer, & Trash		10.27%	720	0.58	14,400	14,800	0.60	740	10.50%
Property Insurance		11.05%	775	0.63	15,500	15,000	0.60	750	10.64%
Property Tax	2.460186	5.75%	403	0.33	8,062	8,120	0.33	406	5.76%
Reserve for Replacements		3.57%	250	0.20	5,000	5,000	0.20	250	3.55%
TDHCA Compliance Fees		0.57%	40	0.03	800	800	0.03	40	0.57%
Other: Training		0.71%	50	0.04	1,000	1,000	0.04	50	0.71%
TOTAL EXPENSES		66.81%	$4,684	$3.78	$93,689	$91,600	$3.69	$4,580	64.98%
NET OPERATING INC		33.19%	$2,327	$1.88	$46,548	$49,364	$1.99	$2,468	35.02%
DEBT SERVICE									
TDHCA HOME Funds		26.74%	$1,875	$1.51	$37,496	37,496	$1.51	$1,875	26.60%
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		6.45%	$453	$0.37	$9,052	$11,868	$0.48	$593	8.42%
AGGREGATE DEBT COVERAGE RATIO					1.24	1.32			
RECOMMENDED DEBT COVERAGE RATIO					1.24				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.05%	$101	$0.08	$2,024	$53,000	$2.14	$2,650	1.20%
Off-Sites		6.61%	12,903	10.41	258,050	258,050	10.41	12,903	5.84%
Sitework		4.55%	8,875	7.16	177,500	177,500	7.16	8,875	4.02%
Direct Construction		53.89%	105,195	84.84	2,103,907	2,518,400	101.56	125,920	57.02%
Contingency	4.38%	2.56%	5,000	4.03	100,000	100,000	4.03	5,000	2.26%
Contractor's Fees	14.00%	8.18%	15,970	12.88	319,397	376,000	15.16	18,800	8.51%
Indirect Construction		5.75%	11,230	9.06	224,600	224,600	9.06	11,230	5.09%
Ineligible Costs		0.81%	1,588	1.28	31,750	31,750	1.28	1,588	0.72%
Developer's Fees	17.31%	13.58%	26,500	21.37	530,000	530,000	21.37	26,500	12.00%
Interim Financing		3.51%	6,850	5.52	137,000	137,000	5.52	6,850	3.10%
Reserves		0.50%	978	0.79	19,562	10,475	0.42	524	0.24%
TOTAL COST		100.00%	$195,190	$157.42	$3,903,790	$4,416,775	$178.11	$220,839	100.00%
Construction Cost Recap		69.18%	**$135,040**	**$108.91**	**$2,700,804**	**$3,171,900**	**$127.91**	**$158,595**	71.81%

SOURCES OF FUNDS						RECOMMENDED	
TDHCA HOME Funds	26.90%	$52,500	$42.34	$1,050,000	$1,050,000	$1,050,000	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$530,000
Raymond James Tax Credit Funds, Inc.	84.26%	$164,461	$132.64	3,289,216	3,289,216	2,853,790	% of Dev. Fee Deferred
Deferred Developer Fees	1.99%	$3,878	$3.13	77,559	77,559	0	0%
Additional (Excess) Funds Req'd	-13.14%	($25,649)	($20.69)	(512,985)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,903,790	$4,416,775	$3,903,790	$129,634

Gateway to Eden, Eden, 9% HTC / HOME #09136

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality - Single Family Residences

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$78.85	$1,955,284
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
Elderly			0.00	0
9-Ft. Ceilings	3.00%		2.37	58,659
Roofing			0.00	0
Subfloor			(2.55)	(63,235)
Floor Cover			3.35	83,049
Porches	$20.39	2,898	2.38	59,090
Plumbing Fixtures	$1,200	(19)	(0.92)	(22,800)
Rough-ins	$475	20	0.38	9,500
Built-In Appliances	$2,775	20	2.24	55,500
Photovolatic Panels	$35,850	20	28.91	717,000
Enclosed Corridors	$68.93	0	0.00	0
Heating/Cooling			2.47	61,251
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$82.16	1,200	3.98	98,588
Other: fire sprinkler	$0.00	24,798	0.00	0
SUBTOTAL			121.46	3,011,885
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.86		(17.00)	(421,664)
TOTAL DIRECT CONSTRUCTION COSTS			$104.45	$2,590,221
Plans, specs, survy, bld prmts	3.90%		($4.07)	($101,019)
Interim Construction Interest	3.38%		(3.53)	(87,420)
Contractor's OH & Profit	11.50%		(12.01)	(297,875)
NET DIRECT CONSTRUCTION COSTS			$84.84	$2,103,907

PAYMENT COMPUTATION

Primary	$1,050,000	Amort	480
Int Rate	1.90%	DCR	1.24

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.24

Additional	$3,289,216	Amort	
Int Rate		Aggregate DCR	1.24

RECOMMENDED FINANCING STRUCT

Primary Debt Service	$37,496
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$9,052

Primary	$1,050,000	Amort	480
Int Rate	1.90%	DCR	1.24

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24

Additional	$3,289,216	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

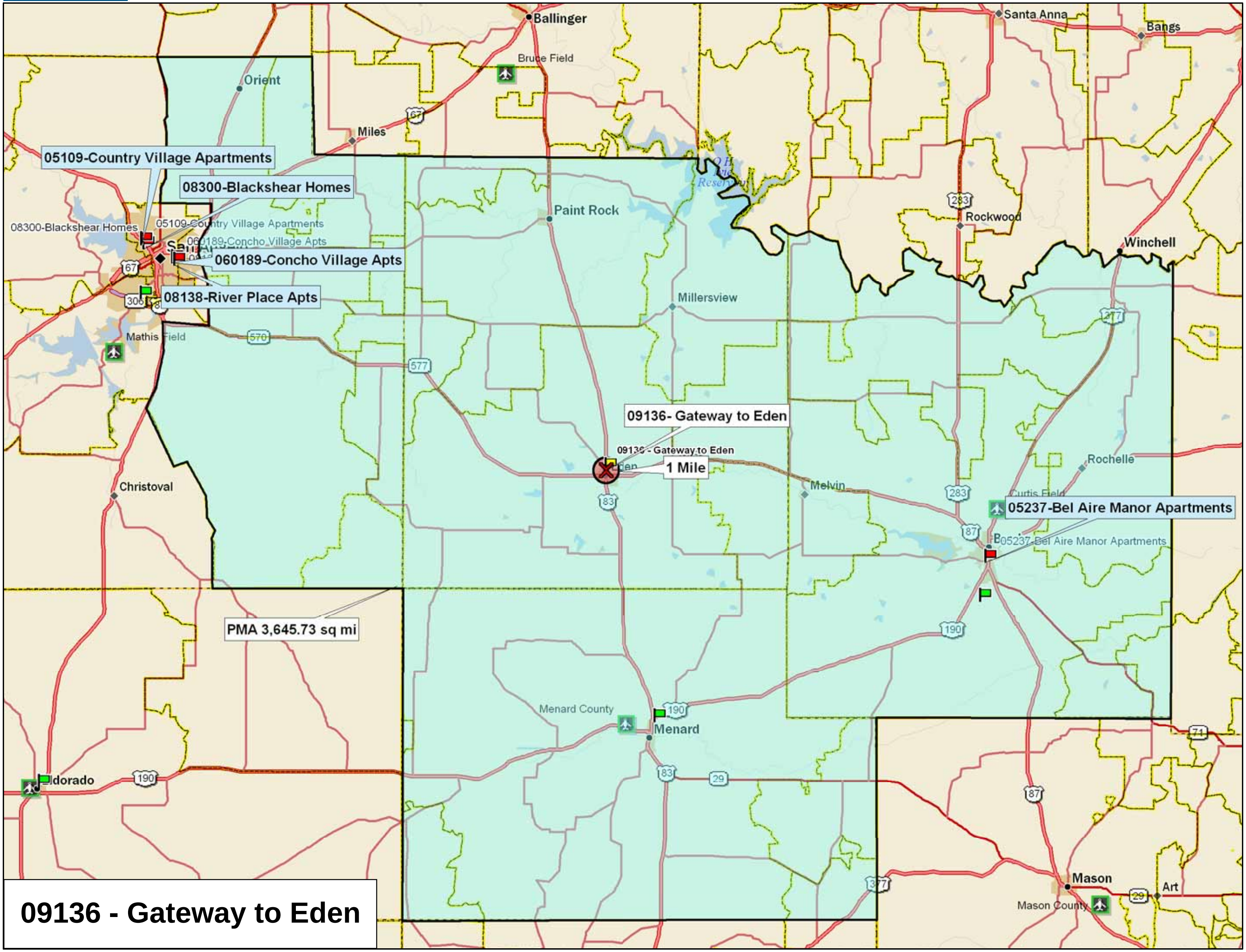
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$150,408	$153,416	$156,484	$159,614	$162,806	$179,751	$198,460	$219,116	$267,101
Secondary Income	1,200	1,224	1,248	1,273	1,299	1,434	1,583	1,748	2,131
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	151,608	154,640	157,733	160,888	164,105	181,186	200,044	220,864	269,232
Vacancy & Collection Loss	(11,371)	(11,598)	(11,830)	(12,067)	(12,308)	(13,589)	(15,003)	(16,565)	(20,192)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$140,237	$143,042	$145,903	$148,821	$151,797	$167,597	$185,040	$204,299	$249,040
EXPENSES at 3.00%									
General & Administrative	$6,648	$6,847	$7,053	$7,264	$7,482	$8,674	$10,056	$11,657	$15,666
Management	7,012	7,152	7,295	7,441	7,590	8,380	9,252	10,215	12,452
Payroll & Payroll Tax	17,501	18,026	18,567	19,124	19,698	22,835	26,472	30,689	41,243
Repairs & Maintenance	11,766	12,119	12,483	12,857	13,243	15,352	17,797	20,632	27,727
Utilities	6,000	6,180	6,365	6,556	6,753	7,829	9,076	10,521	14,139
Water, Sewer & Trash	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Insurance	15,500	15,965	16,444	16,937	17,445	20,224	23,445	27,179	36,527
Property Tax	8,062	8,304	8,553	8,809	9,074	10,519	12,194	14,136	18,998
Reserve for Replacements	5,000	5,150	5,305	5,464	5,628	6,524	7,563	8,768	11,783
Other	1,800	1,854	1,910	1,967	2,026	2,349	2,723	3,156	4,242
TOTAL EXPENSES	$93,689	$96,429	$99,251	$102,155	$105,146	$121,474	$140,359	$162,204	$216,712
NET OPERATING INCOME	$46,548	$46,613	$46,652	$46,666	$46,652	$46,123	$44,681	$42,096	$32,328
DEBT SERVICE									
First Lien Financing	$37,496	$37,496	$37,496	$37,496	$37,496	$37,496	$37,496	$37,496	$37,496
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	$9,052	$9,116	$9,156	$9,169	$9,156	$8,627	$7,185	$4,599	($5,169)
DEBT COVERAGE RATIO	1.24	1.24	1.24	1.24	1.24	1.23	1.19	1.12	0.86

HTC ALLOCATION ANALYSIS -Gateway to Eden, Eden, 9% HTC / HOME #09136

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$53,000	$2,024		
Purchase of buildings				
Off-Site Improvements	$258,050	$258,050		
Sitework	$177,500	$177,500	$177,500	$177,500
Construction Hard Costs	$2,518,400	$2,103,907	$2,518,400	$2,103,907
Contractor Fees	$376,000	$319,397	$376,000	$319,397
Contingencies	$100,000	$100,000	$100,000	$100,000
Eligible Indirect Fees	$224,600	$224,600	$224,600	$224,600
Eligible Financing Fees	$137,000	$137,000	$137,000	$137,000
All Ineligible Costs	$31,750	$31,750		
Developer Fees				
Developer Fees	$530,000	$530,000	$530,000	$530,000
Development Reserves	$10,475	$19,562		
TOTAL DEVELOPMENT COSTS	$4,416,775	$3,903,790	$4,063,500	$3,592,404

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$4,063,500	$3,592,404
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,282,550	$4,670,125
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,282,550	$4,670,125
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$475,430	$420,311
Syndication Proceeds	**0.6899**	**$3,280,133**	**$2,899,855**
Total Tax Credits (Eligible Basis Method)		**$475,430**	**$420,311**
Syndication Proceeds		**$3,280,133**	**$2,899,855**
Requested Tax Credits		**$476,746**	
Syndication Proceeds		**$3,289,216**	
Gap of Syndication Proceeds Needed			**$2,853,790**
Total Tax Credits (Gap Method)			**$413,634**



09136 - Gateway to Eden

TN
MN (5.9°E)

Scale 1 : 650,000
1" = 10.26 mi
Data Zoom 8-3

09254
Irvington Court
Board Appeal

Real Estate Analysis Division

BOARD ACTION ITEM

September 3, 2009

Item

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2009 Competitive Housing Tax Credit program, #09254 Irvington Court, Houston, Harris County, Texas.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

Avenue CDC, the General Partner of Irvington Development, LLC., the Applicant, submitted an application for funding under the 2009 Competitive Housing Tax Credit program to develop 144 multifamily rental units targeting families. The Applicant requested $1,343,499 in annual tax credits to support a total development budget of $17,697,866. The Applicant's appeal request asks that the Department reconsider the acquisition price utilized in the underwriting analysis and utilize a higher acquisition cost of $2,015,814 or $13,999 per unit. The Underwriter used a lower acquisition cost estimate of $1,799,379 or $12,496 per unit pursuant to 1.32(e)(1)(B)(iii) of the Real Estate Analysis Rules which require the Underwriter to use the lesser of the Applicant's, or Related Party's, actual costs or the appraised value. Also, the Applicant did not contest the Underwriter's revised Marshall & Swift Residential Cost Handbook-derived direct construction estimate; but rather, asked that the Department consider new additional site work costs due to changes in the site plan. According to the Applicant, these changes will necessitate an additional 6,000 square feet of pavement and 800 linear feet of small retaining walls in order to meet accessibility requirements, and add approximately $36,500 to the site work estimate.

Staff requested additional information on April 27, 2009 for documentation to support the claimed acquisition price including any other verifiable costs of owning, holding, or improving the Property. However, because the information was not provided when originally requested, the new information could not have been evaluated by the Underwriter or included in the underwriting analysis. It should also be noted; the 5.72 acre site was correctly identified in the underwriting report and supported by the most current documentation provided in the application at that time. The Applicant asserts that subsequent to a recent meeting with the City Planning Department, the site is to be enlarged by .01 acres. Therefore, documentation to support a site of 5.73 acres as indicated in the appeal request was also not made available to the Underwriter previously and therefore could not have been considered during the underwriting process. Moreover, as a result of the .01 site enlargement, $36,500 in additional site work costs will be incurred. However, this violates §49.9(a) of the 2009 QAP which states, "An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any Set-Asides, increase the requested credit amount, or revise the Unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §49.17(d) of this chapter."

Finally, pursuant to §49.17(b)(3) & §49.17(b)(5) of the 2009 QAP, Staff is unable to consider the new information presented in the requests.

Recommendation

Staff recommends the Board deny the appeal.

09254
Irvington Court
Applicant Appeal to Board

Pamela Cloyde

From: Jason Holoubek [jasonh@avenuecdc.org]
Sent: Wednesday, August 19, 2009 7:55 PM
To: pamela.cloyde@tdhca.state.tx.us; Misael.Arroyo@tdhca.state.tx.us
Subject: appeal for Irvington Court allocation (#09254)

Pamela,
We, as the applicants, wish to appeal the decisions of staff directly to the Board. Thank you.

Jason Holoubek

09254
Irvington Court
Executive Director
Appeal Response

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

August 12, 2009

Jason Holoubek
Director of Rental Housing and Economic Development
2505 Washington Ave., Ste. 400
Houston, Texas 77007
Telephone: (713) 864-8099
Telecopier: (713) 864-0027

Re: Executive Director Appeal for Irvington Court, TDHCA #09254

Dear Mr. Holoubek:

Appeal Review

I have reviewed the subject application, as well as your appeal that was received on July 30, 2009 regarding the underwriting recommendation of the above-referenced application.

Your appeal asks for the reconsideration of the reduction of $135,374 in recommended credit. The reduction is due to the following:

- A $734K or 41% difference in the land acquisition price, and
- A $1.9M or 12% difference in total construction costs.

Your appeal asks that the Department reconsider the acquisition price utilized in the underwriting analysis and utilize a higher acquisition cost of $2,015,814 or $13,999 per unit. The Underwriter used a lower acquisition cost estimate of $1,799,379 or $12,496 per unit pursuant to 1.32(e)(1)(B)(iii) of the Real Estate Analysis Rules which require the Underwriter to use the lesser of the Applicant's, or Related Party's, actual costs or the appraised value.

Also, while you have not contested the Underwriter's revised Marshall & Swift Residential Cost Handbook-derived direct construction estimate; you have however, asked that the Department consider new additional site work costs due to changes in the site plan. According to your appeal, these changes will necessitate an additional 6,000 square feet of pavement and 800 linear feet of small retaining walls in order to meet accessibility requirements. You have estimated the cost of this additional work to add approximately $36,500.

With regard to your first request item concerning the land acquisition, Staff requested additional information on April 27, 2009 for documentation to support the claimed acquisition price including any other verifiable costs of owning, holding, or improving the Property. On April 30, 2009, you provided the following response:

"The ten dollar a foot assignment was made by the applicant, after talking with a realtor with knowledge of the area. And while there are holding costs involved with the purchase of the property (for instance interest carry is $120,000), we do not have verifiable numbers that will get us to 2.5 million. That number was based primarily on the increased value of the portion of the purchased property that fronts on Irvington Boulevard."

Because the information was not provided when originally requested, the new information could not have been evaluated by the Underwriter or included in the underwriting analysis. It should also be noted; the 5.72 acre site was correctly identified in the underwriting report and supported by the most current documentation provided in the application at that time. Your appeal asserts that subsequent to a recent meeting with the City Planning Department, the site is to be enlarged by .01 acres. Therefore, documentation to support a site of 5.73 acres as indicated in the appeal request was also not made available to the Underwriter previously and therefore could not have been considered during the underwriting process.

Similarly, the second request item in your letter asks that staff look to new information with regard to the site work costs. As a result of the .01 site enlargement, $36,500 in additional site work costs will be incurred. However, this violates §49.9(a) of the 2009 QAP which states, "An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any Set-Asides, increase the requested credit amount, or revise the Unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §49.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §49.17(d) of this chapter."

Moreover, pursuant to §49.17(b)(3) & §49.17(b)(5) of the 2009 QAP, Staff is unable to consider the new information presented in your requests.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Appeal Determination
The appeal is denied.

Pursuant to Title 10 Texas Administrative Code Section 1.7 you have not requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. Thus if you wish for this appeal to be considered by the Board at the September 3, 2009 Board meeting you need to notify the Department by the earlier of seven days from the date of this notice or three days prior to the meeting date.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

Sincerely,

Michael Gerber
Executive Director

MGG:RBS

09254
Irvington Court
Appeal Documentation

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2009 Application Cycle
Underwriting Report Notice

Appeal Election Form: 09254 Irvington Court **Date Sent: 7/23/09**

I am in receipt of my 2009 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 49.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.
If my appeal is denied by the Executive Director, I

- [ ] Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

- [x] Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

- [ ] Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed ______

Title Director of Rental Housing

Date 7/30/09

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

Attn: Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
RE: 2009 HTC Application for Irvington Court
TDHCA Number: 09254 (Underwriting Report)

July 30, 2009

Dr. Mr. Gerber

Please accept the following as Irvington Court LP's appeal to the results of the recently published underwriting report produced by TDHCA. The appeal is writing in numeric format, and follows immediately. Any questions may be directed to my attention. Thank you.

Jason Holoubek
Director of Rental Housing and Economic Development
2505 Washington Ave., Ste. 400
Houston, TX 77007
Phone #: (713) 864-8099
Fax #: (713) 864-0027
Email: JasonH@avenuecdc.org

1. Cost of land acquisition.

Irvington Court LP wishes to dispute the cost of the land acquired to be used in this development. Allowing for the Real Estate Analysis Rules that stipulates the value must equal the applicant's actual costs if those costs are lower than the appraised costs, Irvington Court LP would like to base the acquisition costs on those actual costs. The size of the property in its final configuration is 5.73 acres (see site plan), not 5.72 as listed in the report. 5.73 acres is 28.2266% of the total purchase site of 20.3 acres. Using this as our multiplier results in an initial value of $1,806,502. To this must be added the cost of the Title Policy (45,466*.282266=$12,834), the realtor's fee (59,000*.282266=$16,654) and the lender's legal fee (1,500*.282266=$423) for a subtotal of $1,836,413.

Carry costs until construction commences must also be considered. Irvington Court LP anticipates an 18 month carry period prior to construction commencement in the Spring of 2010(property was purchased in October of 2008). The carry costs items include property taxes(71,885 a year*1.5*.282266=$30,436), property insurance(28,000 a year*1.5*.282266=$11,855) and interest(323,831 a year*1.5*.282266=$137,110) on the purchase loan. These added to the subtotal of $1,836,413 result in an acquisition price for the land of **$2,015,814**, and this is the number that should appear in the underwriting report.

A. U.S.DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

B.TYPE OF LOAN OMB No. 2502-0265

1. [ ]FHA 2. [ ]FMHA 3. [ ]CONV. UNINS.
4. [ ]VA 5. [ ]CONV. INS.

6. FILE NUMBER: 08115366

7. LOAN NUMBER:

8. MTG. INS. CASE NO.:

C.NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked ("p.o.c.") were paid outside the closing: they are shown here for information purposes and are not included in the totals.

D. NAME OF BORROWER: AVENUE COMMUNITY DEVELOPMENT CORP.

ADDRESS: 2505 WASHINGTON AVENUE, HOUSTON, TX 77007

E. NAME OF SELLER: FEDEX FREIGHT EAST, INC.

ADDRESS: 2200 FORWARD DRIVE, DC 2277, HARRISON AR 72601 SELLER TIN:

F. NAME OF LENDER: HOUSTON HOUSING FINANCE CORPORATION

ADDRESS: 9545 KATY FREEWAY #105
HOUSTON, TX 77024

G.PROPERTY LOCATION: APPROXIMATELY 20.4140 ACRE IN THE JOHN AUSTIN TWO
LEAGUE GRANT
IRVINGTON HOUSTON TX

H. SETTLEMENT AGENT: STEWART TITLE COMPANY CLOSER: JANE BURKHALTER PHONE NUMBER: (713) 627-1310

ADDRESS: 4700 W. SAM HOUSTON PKWY N.
HOUSTON, TEXAS 77041 SETTLEMENT AGENT TIN: 74-0923770

PLACE OF SETTLEMENT: STEWART TITLE COMPANY PHONE NUMBER: (713) 625-8626

ADDRESS: 1980 POST OAK BLVD.
HOUSTON, TEXAS 77056

I.SETTLEMENT DATE
Closing date: 11/12/08
Proration date: 11/13/08

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT DUE TO SELLER:	
101. Contract sales price	6,400,000.00	401. Contract sales price	6,400,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower(line 1400)	106,128.05	403.	
104.		404.	
105.		405. CR DBL RELEASES	183.50
Adjustments for items paid by seller in advance:		Adjustments for items paid for seller in advance:	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109. Maintenance to		409. Maintenance to	
110. School/Taxes to		410. School/Taxes to	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER:	6,506,128.05	420. GROSS AMOUNT DUE TO SELLER:	6,400,183.50
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		500. REDUCTIONS IN AMOUNT DUE TO SELLER:	
201. Deposit or earnest money	63,000.00	501. Excess deposit(see instructions)	
202. Principal amount of new loan(s) $9,480,000	6,442,838.32	502. Settlement charges to seller(line 1400)	100,526.45
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Commitment Fee		504. Payoff of first mortgage loan CITY HOUSTON	160.63
205.		505. Payoff of second mortgage loan	
206. INVESTMENT ACCRUED INTEREST	357.90	506. REL FEE CITY HOU	440.40
207.		507. REL FEE CITY HOU	36.70
208.		508.	
209.		509.	
Adjustments for items unpaid by seller:		Adjustments for items unpaid by seller:	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213. School/Taxes to		513. School/Taxes to	
214.		514. Maintenance to	
215.		515.	
216. 08 ESTIMATED TAX 01/01/08 to 11/13/08	65,134.99	516. 08 ESTIMATED TAX 01/01/08 to 11/13/08	65,134.99
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER:		520. TOTAL REDUCTION IN AMOUNT:	166,299.17

File 08115366

L. SETTLEMENT CHARGES

L. SETTLEMENT CHARGES	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. TOTAL SALES/BROKER'S COMMISION Based on $ 6,400,000.00 @ % = 59,000.00		
Division of Commission (line 700) as follows:		
701. $64,000.00 - 5,000.00 to SPEAR PROPERTIES, LLC		
702. $ to		
703. Commission paid at settlement	59,000.00	
704.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN.		
801. Loan Origination fee %		
802. Loan Discount %		
803. Appraisal fee to		
804. Credit Report to		
805. Lender's inspection fee to		
806. Mortgage Insurance application fee to		
807. Assumption Fee to		
808. Commitment Fee to		
809. FNMA Processing Fee to		
810. Pictures to		
811. to		
812. to		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE.		
901. Interest from to @$ /day		
902. Mortgage insurance premium for mo. to		
903. Hazard insurance premium for yrs. to HANDLED OUTSIDE CLOSING		
904. Flood Insurance yrs. to		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard Insurance mo.@$ per mo.		
1002. Mortgage insurance mo.@$ per mo.		
1003. City property taxes mo.@$ per mo.		
1004. County property taxes mo.@$ per mo.		
1005. Annual assessments (Maint.) mo.@$ per mo.		
1006. School Property Taxes mo.@$ per mo.		
1007. Water Dist. Prop. Tax mo.@$ per mo.		
1008. Flood Insurance mo.@$ per mo.		
1009. Aggregate Accounting Adjustment		
1100. TITLE CHARGES:		
1101. Settlement or closing fee to		
1102. Abstract or title search to		
1103. Title examination to		
1104. Title insurance binder to		
1105. Document preparation to J.S. (MICKEY) NORMAN, JR., ATTORNEY	1,500.00	
1106. Notary fee to		
1107. Attorney's fee to to		
(includes above items No.:		
1108. Title insurance to STEWART TITLE COMPANY	45,466.05	
(includes above items No.:)		
1109. Lender's coverage 9,480,000.00 $ 125.00		
1110. Owner's coverage 9,480,000.00 $ 45,341.05 A&B DELETE $5914.05		
1111. Escrow fee to		
1112. Restrictions to		
1113. to		
1114. to		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees: Deed $ 32.00 Mrtg $ 120.00 Rel. $ 208.00 AFD 70.00	152.00	278.00
1202. City/county tax/stamps: Deed $ Mrtg $		
1203. State tax/stamps: Deed $ Mrtg $		
1204. Tax certificates to STEWART TITLE COMPANY		64.95
1205. to		
1206. State of Texas Policy Gty Fee to STEWART TITLE POLICY GUARANTY FEE	10.00	
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to SOUTH TEXAS SURVEYING P.O.C.		
1302. Pest inspection to		
1303. to		
1304. ESCROW STORAGE TANK REMOVAL to HOLD IN ESCROW		100,000.00

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
021-180-059-0001
Supplement 02

AMERICAN FREIGHTWAYS INC
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	**Exemption**	**Taxable Value**	**Tax Rate**	**Taxes**
Houston ISD	0	191,190	1.1567	$2,211.49
Harris County	0	191,190	0.38923	$744.17
Harris County Flood Control Dist	0	191,190	0.03086	$59.00
Port of Houston Authority	0	191,190	0.01773	$33.90
Harris County Hospital District	0	191,190	0.19216	$367.39
Harris County Dept. of Education	0	191,190	0.00584	$11.17
Houston Community College System	0	191,190	0.09243	$176.72
City of Houston	0	191,190	0.63875	$1,221.23
Total 2008 Taxes Due by January 31, 2009				$4,825.07
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$4,825.07
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$4,825.07**

Property Description	
LTS 2 THRU 7 & 17 THRU 22 &	
TRS 1B 8 9 10 15 & 16 BLK 59	
IRVINGTON	
1.9490 AC	
4004 IRVINGTON BLVD 77009	
Appraised Value	
Land - Market Value	127,350
Impr - Market Value	63,840
Total Market Value	191,190
Less Capped Mkt Value	0
Appraised Value	191,190
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	**Rate**	**Current**	**Delinquent**	**Total**
By February 28, 2009	7%	$5,162.82	$0.00	$5,162.82
By March 31, 2009	9%	$5,259.33	$0.00	$5,259.33
By April 30, 2009	11%	$5,355.83	$0.00	$5,355.83
By May 31, 2009	13%	$5,452.32	$0.00	$5,452.32
By June 30, 2009	15%	$5,548.84	$0.00	$5,548.84

5 year changes 2003-2008 (+/-) Appr Value: 27% Taxable Value: 27% Tax Rate: -15% Tax Bill: 8%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
040-087-000-0005

ARKANSAS FREIGHTWAYS CORPP
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	2,058,624	1.1567	$23,812.10
Harris County	0	2,058,624	0.38923	$8,012.78
Harris County Flood Control Dist	0	2,058,624	0.03086	$635.29
Port of Houston Authority	0	2,058,624	0.01773	$364.99
Harris County Hospital District	0	2,058,624	0.19216	$3,955.85
Harris County Dept. of Education	0	2,058,624	0.00584	$120.22
Houston Community College System	0	2,058,624	0.09243	$1,902.79
City of Houston	0	2,058,624	0.63875	$13,149.46
Total 2008 Taxes Due by January 31, 2009				$51,953.48
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$51,953.48
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$51,953.48**

Property Description	
TRS 3 4 5 6 6A & 15	
ABST 1 J AUSTIN	
11.7000 AC	
4004 IRVINGTON BLVD 77009	
Appraised Value	
Land - Market Value	611,582
Impr - Market Value	1,447,042
Total Market Value	2,058,624
Less Capped Mkt Value	0
Appraised Value	2,058,624
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$55,590.23	$0.00	$55,590.23
By March 31, 2009	9%	$56,629.30	$0.00	$56,629.30
By April 30, 2009	11%	$57,668.36	$0.00	$57,668.36
By May 31, 2009	13%	$58,707.43	$0.00	$58,707.43
By June 30, 2009	15%	$59,746.51	$0.00	$59,746.51

5 year changes 2003-2008 (+/-) Appr Value: 17% Taxable Value: 17% Tax Rate: -15% Tax Bill: 0%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

HARRIS COUNTY TEXAS

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
053-197-000-0003
Supplement 02

AMERICAN FREIGHTWAYS CORP
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	265,639	1.1567	$3,072.65
Harris County	0	265,639	0.38923	$1,033.95
Harris County Flood Control Dist	0	265,639	0.03086	$81.98
Port of Houston Authority	0	265,639	0.01773	$47.10
Harris County Hospital District	0	265,639	0.19216	$510.45
Harris County Dept. of Education	0	265,639	0.00584	$15.51
Houston Community College System	0	265,639	0.09243	$245.53
City of Houston	0	265,639	0.63875	$1,696.77
Total 2008 Taxes Due by January 31, 2009				$6,703.94
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$6,703.94
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$6,703.94**

Property Description	
LTS 3 THRU 22 & ADJ PT ROSELEE	
ST	
ROSE LEE	
2.9812 AC	
IRVINGTON BLVD 77009	
Appraised Value	
Land - Market Value	155,834
Impr - Market Value	109,805
Total Market Value	265,639
Less Capped Mkt Value	0
Appraised Value	265,639
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$7,173.23	$0.00	$7,173.23
By March 31, 2009	9%	$7,307.31	$0.00	$7,307.31
By April 30, 2009	11%	$7,441.37	$0.00	$7,441.37
By May 31, 2009	13%	$7,575.45	$0.00	$7,575.45
By June 30, 2009	15%	$7,709.55	$0.00	$7,709.55

5 year changes 2003-2008 (+/-) Appr Value: 10% Taxable Value: 10% Tax Rate: -15% Tax Bill: -7%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
040-087-000-0001
Supplement 02

AMERICAN FREIGHTWAYS INC
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	223,827	1.1567	$2,589.01
Harris County	0	223,827	0.38923	$871.20
Harris County Flood Control Dist	0	223,827	0.03086	$69.07
Port of Houston Authority	0	223,827	0.01773	$39.68
Harris County Hospital District	0	223,827	0.19216	$430.11
Harris County Dept. of Education	0	223,827	0.00584	$13.07
Houston Community College System	0	223,827	0.09243	$206.88
City of Houston	0	223,827	0.63875	$1,429.69
Total 2008 Taxes Due by January 31, 2009				$5,648.71
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$5,648.71
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$5,648.71**

Property Description	
TR 14	
DENOYELLE	
ABST 1 J AUSTIN	
2.5070 AC	
IRVINGTON BLVD 77009	
Appraised Value	
Land - Market Value	131,046
Impr - Market Value	92,781
Total Market Value	223,827
Less Capped Mkt Value	0
Appraised Value	223,827
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$6,044.11	$0.00	$6,044.11
By March 31, 2009	9%	$6,157.10	$0.00	$6,157.10
By April 30, 2009	11%	$6,270.07	$0.00	$6,270.07
By May 31, 2009	13%	$6,383.04	$0.00	$6,383.04
By June 30, 2009	15%	$6,496.01	$0.00	$6,496.01

5 year changes 2003-2008 (+/-) Appr Value: 10% Taxable Value: 10% Tax Rate: -15% Tax Bill: -6%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
021-181-060-0001
Supplement 02

AMERICAN FREIGHTWAYS INC
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	83,020	1.1567	$960.29
Harris County	0	83,020	0.38923	$323.14
Harris County Flood Control Dist	0	83,020	0.03086	$25.62
Port of Houston Authority	0	83,020	0.01773	$14.72
Harris County Hospital District	0	83,020	0.19216	$159.53
Harris County Dept. of Education	0	83,020	0.00584	$4.85
Houston Community College System	0	83,020	0.09243	$76.74
City of Houston	0	83,020	0.63875	$530.29
Total 2008 Taxes Due by January 31, 2009				$2,095.18
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$2,095.18
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$2,095.18**

Property Description	
LTS 1 2 3 21 & 22 & TRS 4 5 19	
20 & 23 BLK 60	
IRVINGTON	
.9369 AC	
WEISS AVE 77009	
Appraised Value	
Land - Market Value	48,972
Impr - Market Value	34,048
Total Market Value	83,020
Less Capped Mkt Value	0
Appraised Value	83,020
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$2,241.84	$0.00	$2,241.84
By March 31, 2009	9%	$2,283.76	$0.00	$2,283.76
By April 30, 2009	11%	$2,325.65	$0.00	$2,325.65
By May 31, 2009	13%	$2,367.56	$0.00	$2,367.56
By June 30, 2009	15%	$2,409.45	$0.00	$2,409.45

5 year changes 2003-2008 (+/-) Appr Value: 10% Taxable Value: 10% Tax Rate: -15% Tax Bill: -7%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
053-197-000-0001

AMERICAN FREIGHTWAYS CORP
2200 FORWARD DR
HARRISON AR 72601-2004

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	11,661	1.1567	$134.88
Harris County	0	11,661	0.38923	$45.39
Harris County Flood Control Dist	0	11,661	0.03086	$3.60
Port of Houston Authority	0	11,661	0.01773	$2.07
Harris County Hospital District	0	11,661	0.19216	$22.41
Harris County Dept. of Education	0	11,661	0.00584	$0.68
Houston Community College System	0	11,661	0.09243	$10.78
City of Houston	0	11,661	0.63875	$74.48
Total 2008 Taxes Due by January 31, 2009				$294.29
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$294.29
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$294.29**

Property Description	
TRS 1A & 2A	
ROSE LEE	
.1785 AC	
4202 IRVINGTON BLVD 77009	
Appraised Value	
Land - Market Value	11,661
Impr - Market Value	0
Total Market Value	11,661
Less Capped Mkt Value	0
Appraised Value	11,661
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$314.88	$0.00	$314.88
By March 31, 2009	9%	$320.78	$0.00	$320.78
By April 30, 2009	11%	$326.67	$0.00	$326.67
By May 31, 2009	13%	$332.54	$0.00	$332.54
By June 30, 2009	15%	$338.43	$0.00	$338.43

5 year changes 2003-2008 (+/-) Appr Value: 34% Taxable Value: 34% Tax Rate: -15% Tax Bill: 14%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

Leo Vasquez
Tax Assessor-Collector
P.O. Box 4622
Houston, Texas 77210-4622

2008

2008 Property Tax Statement
Current As Of
January 15, 2009
Account Number
021-181-061-0001
Supplement 02

AMERICAN FREIGHTWAYS INC
PO BOX 840
HARRISON AR 72602-0840

This combined bill includes your I.S.D.

Taxing Jurisdiction	Exemption	Taxable Value	Tax Rate	Taxes
Houston ISD	0	14,442	1.1567	$167.05
Harris County	0	14,442	0.38923	$56.21
Harris County Flood Control Dist	0	14,442	0.03086	$4.46
Port of Houston Authority	0	14,442	0.01773	$2.56
Harris County Hospital District	0	14,442	0.19216	$27.75
Harris County Dept. of Education	0	14,442	0.00584	$0.84
Houston Community College System	0	14,442	0.09243	$13.35
City of Houston	0	14,442	0.63875	$92.25
Total 2008 Taxes Due by January 31, 2009				$364.47
Payments applied to 2008 taxes				$0.00
Total Current Taxes Due				$364.47
Prior year(s) taxes due (if any)				$0.00
Total Amount Due January 31, 2009				**$364.47**

Property Description	
TRS 1 2 & 3 BLK 61	
IRVINGTON	
.1623 AC	
WEISS AVE 77009	
Appraised Value	
Land - Market Value	8,484
Impr - Market Value	5,958
Total Market Value	14,442
Less Capped Mkt Value	0
Appraised Value	14,442
Exemptions /Litigation	
Our records indicate that your statement has been requested by a mortgage company/tax agent.	

Penalties for Paying Late	Rate	Current	Delinquent	Total
By February 28, 2009	7%	$389.97	$0.00	$389.97
By March 31, 2009	9%	$397.27	$0.00	$397.27
By April 30, 2009	11%	$404.56	$0.00	$404.56
By May 31, 2009	13%	$411.86	$0.00	$411.86
By June 30, 2009	15%	$419.14	$0.00	$419.14

5 year changes 2003-2008 (+/-) Appr Value: 10% Taxable Value: 10% Tax Rate: -15% Tax Bill: -7%

IF YOU ARE 65 YEARS OF AGE OR OLDER OR ARE DISABLED AND THE PROPERTY DESCRIBED IN THIS DOCUMENT IS YOUR RESIDENCE HOMESTEAD, YOU SHOULD CONTACT THE APPRAISAL DISTRICT REGARDING ANY ENTITLEMENT YOU MAY HAVE TO A POSTPONEMENT IN THE PAYMENT OF THESE TAXES.

ADMIRAL INSURANCE COMPANY

A STOCK COMPANY
(herein called "the Company")

COMMON POLICY DECLARATIONS

Policy No.: CA000009950-03 **Renewal/Rewrite of:** **CA000009950-02**

Named Insured and Mailing Address	Producer's Name and Address
AVENUE COMMUNITY DEVELOPMENT CORP. 2505 WASHINGTON AVENUE SUITE 400 HOUSTON, TX 77007	COONEY RIKARD & CURTIN OF TX INC DBA CRC OF TEXAS, INC. 10375 RICHMOND AVE SUITE 500 HOUSTON, TX 77042 Producer Code: 0982D Commission: 17.50%

Policy Period: From 10/06/2008 To 10/06/2009 At 12:01 A.M. Standard Time at the address of the Named Insured as stated herein

THE NAMED INSURED IS: ☐ Individual; ☐ Partnership; ☑ Corporation; ☐ Joint Venture; ☐ Other

BUSINESS DESCRIPTION: Real Estate Development

AUDIT PERIOD: ☐ Annual; ☑ Other Flat

IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGES FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial Property Coverage	$	
Commercial General Liability Coverage	$	$15,000.00
Products/Completed Operations Liability Coverage	$	
Equipment Breakdown Coverage	$	
______________ Coverage	$	

Policy Fee: $750.00
Filing Fee:
Inspection Fee:
Taxes: $763.88
Stamping Fee: $9.45

PREMIUM:	$	$15,000.00
TERRORISM PREMIUM:	$	
TOTAL PREMIUM:	$	$15,000.00

The Assured shall remit applicable state taxes to John L. Wortham & Son, L.P. (JLW) for the state of Texas and other states as may be agreed. The Assured assumes responsibility for such state taxes, if any, in all other states. JLW will assist you if desired.

Form(s) and Endorsement(s) made a part of this policy at inception:
REFER TO SCHEDULE OF FORMS, AI 00 18 03 98

This policy is not binding unless countersigned by Admiral Insurance Company or it's authorized representative.

Countersigned On: 10/06/08

At: Austin, TX/PB

By: Authorized Representative

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas Insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Article 21.28-C, Insurance Code. Section 12, Article 1.14-2, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

THESE COMMON POLICY DECLARATIONS AND, IF APPLICABLE, THE COMMERCIAL PROPERTY COVERAGE, THE COMMERCIAL GENERAL LIABILITY DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), FORM(S) AND ENDORSEMENTS, IF ANY, ISSUES TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COMMERCIAL GENERAL LIABILITY COVERAGE PART

DECLARATIONS

Policy No.: **CA000009950-03** Effective Date: 10/06/2008 12:01 A. M., Standard Time

LIMITS OF INSURANCE

General Aggregate Limit (Other Than Products- Completed Operations)	$	2,000,000	
Products - Completed Operations Aggregate Limit	$	EXCLUDED	
Personal and Advertising Injury Limit	$	1,000,000	
Each Occurrence Limit	$	1,000,000	
Damage To Premises Rented To You Limit	$	50,000	Any One Premises
Medical Expense Limit	$	EXCLUDED	Any One Person

RETROACTIVE DATES

Coverages A and B of this insurance does not apply to "bodily injury", "personal injury", "property damage" or "advertising injury" which occurs before the Retroactive Date, if any, shown here: None

(Enter Date or "None" if no Retroactive Date Applies)

PREMIUM

Classification	Code No.	Premium Basis	Rate	Per	Advance Premium
REAL ESTATE DEVELOPMENT PROPERTY	47051	$2,360,000(2)	$4.736	$1,000 of Cost	$15,000.00
			Total Advanced Premium		$15,000.00
			Minimum Term Premium		$15,000.00

ADDITIONAL DECLARATIONS

When used as a Premium basis:

(1) "remuneration" means the entire remuneration earned during the policy period by proprietors and by all employees of the Named Insured other than chauffeurs (except operators of mobile equipment) and aircraft pilots and co-pilots, subject to any overtime earnings or limitation or remuneration rule applicable in accordance with the manuals in use by the Company;

(2) "cost" means the total cost to the Named Insured with respect to operations performed for the Named Insured during the policy period by independent contractors of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or sub-contractor, including all fees, allowances, bonuses or commissions made, paid or due.

(3) "sales" means the gross amount of money charged by the Named Insured, his concessionaires, and others trading under his name, for goods and products sold or distributed, operations performed (installation, repair or servicing), dues or fees and rentals during the policy term, and includes taxes, other than taxes which the Named Insured and such others collect as a separate item and remit directly to a governmental division.

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD

HOUSTON HOUSING FINANCE CORPORATION
9545 Katy Freeway, Suite 105
Houston, TX 77024

May 5, 2009

Ms. Mary Lawler
Executive Director
Avenue Community Development Corporation
2505 Washington Avenue, Suite 400
Houston, TX 77007

Re: Loan from Houston Housing Finance Corporation to
Avenue Community Development Corporation
Promissory Note Dated November 12, 2008 in the amount of $9,480,000

Dear Ms. Lawler:

Interest is due to Houston Housing Finance Corporation on the above-referenced loan as follows:

Due Date:	**May 1, 2009**
Interest Due (separate calculation attached):	$ 62,831.26
Principal Due:	$ -0-
Total Amount Due:	**$ 62,831.26**

If you wish to remit by check, please make your check payable to Houston Housing Finance Corporation in the amount of $62,831.26 and mail to the following address:

9545 Katy Freeway, Suite 105
Houston, TX 77024

If you wish to pay the interest due by withdrawing from the loan interest reserve, please sign below and return to Houston Housing Finance Corporation.

Thank you for your attention to this matter. If you should have any questions, please call me at (713) 773-3405.

Sincerely,
Janice Logan
Janice Logan

Please pay the interest due by withdrawing from the loan interest reserve.

Mary Lawler, Executive Director
Avenue Community Development Corporation

5/11/09
Date

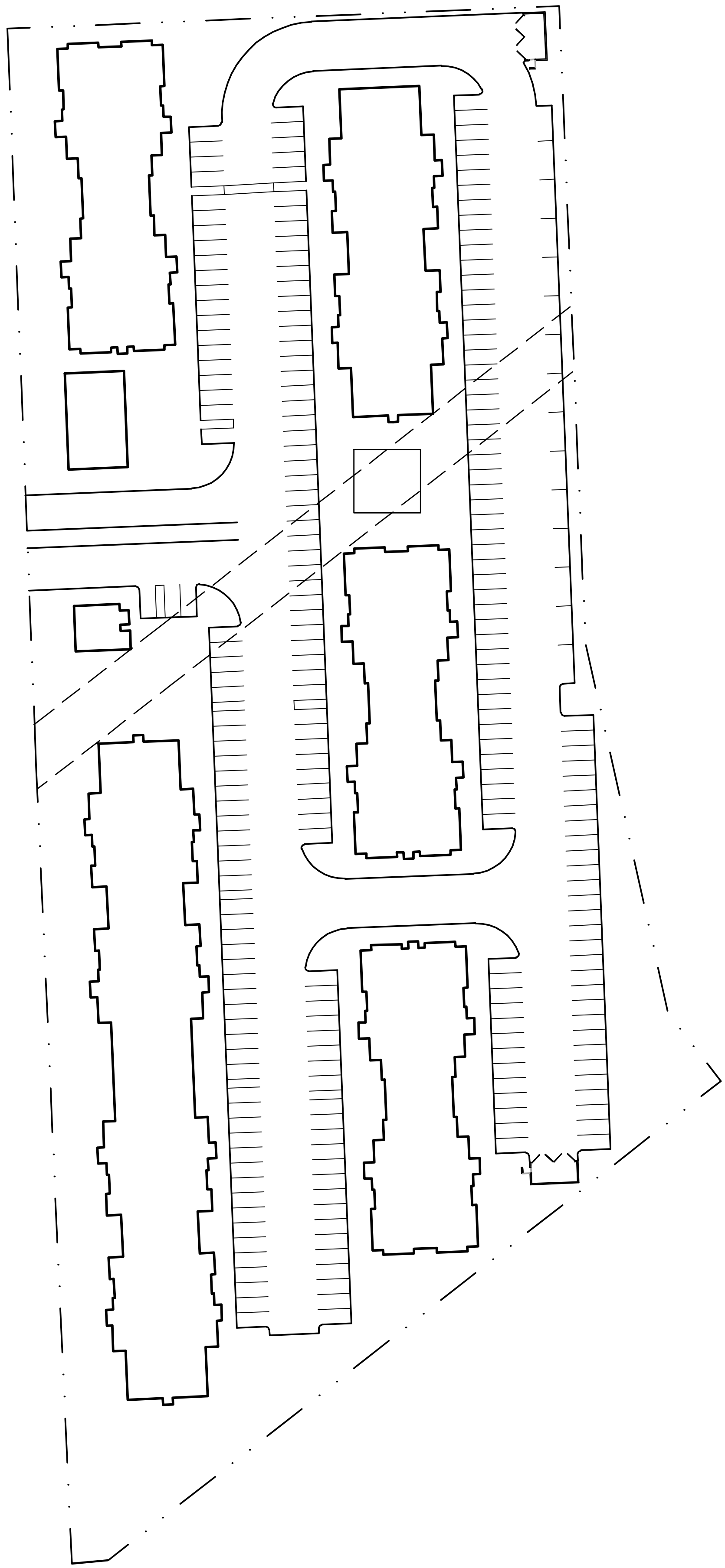
INTEREST DUE TO HOUSTON HOUSING FINANCE CORPORATION
Avenue Community Development Corporation Loan

Date	Principal Balance	Principal Advance/ (Payment)	Interest Rate	No. of Days Accrued	Interest Accrued	Interest Payment	Interest Due to HHFC
11-12-08	6,442,838.32	6,442,838.32	0.05	14	12,356.13		12,356.13
11-26-08	4,942,838.32	(1,500,000.00)	0.05	62	41,980.27		54,336.40
1-27-09	4,965,627.82	22,789.50	0.05	5	3,401.11		57,737.51
2-1-09	5,023,365.33	57,737.51	0.05	19	13,074.51	(57,737.51)	13,074.51
2-20-09	5,086,365.33	63,000.00	0.05	35	24,386.68		37,461.20
3-27-09	5,291,470.83	205,105.50	0.05	35	25,370.07	0	62,831.26
				170	120,568.77	(57,737.51)	

Interest due to HHFC at May 1, 2009 62831.26

2. Construction costs.

Irvington Court LP accepts the revised direct construction costs as derived from Marshall and Swift. However, a recent meeting with the City Planning Department resulted in a slight change to the project's site plan. In addition to the site being enlarged by .01 acres, a modification was made to the internal circulation system. The old site plan contained an intersection of two "private streets" that was at an angle of less than the required 80 degrees (City of Houston Code of Ordinances Section 42-129 (a)). The correction required more pavement than the original site plan contained, and an additional 6,000 square feet of paved surface will be required. The latest price quoted our proposed builder, Realtex Construction, is $4.75 a sq foot, resulting in an increase in site work costs of $28,500. In addition, the revised site plan will necessitate about 800 linear feet of small retaining walls in order to meet accessibility requirements (per our architect, Northfield Design Associates). This cost increase is estimated at $10 a foot, for a subtotal if $8,000. The addition of these two cost increases to the previous site work total of $1,250,196 results in a new total of $1,286,696, or $1,216,856 in eligible costs (taking out the 69,840 in demolition costs).



3. Tax Credit Allocation.

The above described changes in development costs affect the eligible basis and gap calculations. Irvington Court LP is formally requesting TDHCA's estimate of total development costs be revised upward from $15,806,032 to $16,121,684. This reflects an increase of $209,312 in acquisition costs, $36,500 in eligible site work costs (discussed previously) and $69,840 in ineligible site work costs (the total development cost estimate on page 11 of the report has a total of $1,180,356 for site work, which does not include the $69,840 in ineligible demo costs – still part of the TDC). The increased development costs results in a "gap" of $8,771,684. Based on our syndication rate of 70%, this results in a gap-driven credit amount of $1,253,098.

The eligible basis calculation changes as well. According to TDHCA's underwriting report, the total eligible basis for the project is $13,172,222. To this we request the eligible costs of additional sitework be added, for a revised total of $13,208,722. We are also requested that the contractor's fee is increased from 1,231,281 to 1,236,391 to reflect the increased site work costs, and that the contingency is likewise increased from $439,743 to $441,568. These additions bring the final eligible basis to $13,215,657.

This results in a total tax credit allocation (eligible basis method) of $1,236,985.

09254
Irvington Court
Underwriting Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: PROGRAM: 9%/HTC FILE NUMBER: **09254**

DEVELOPMENT

Irvington Court

Location: 4004 Irvington Boulevard Region: 6

City: Houston County: Harris Zip: 77007 ☐ QCT ☒ DDA

Key Attributes: Family, New Construction, Urban, Non-Profit

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$1,343,499			**$1,208,125**		

CONDITIONS

1 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Houston for the anticipated $3M in permanent funds with terms of the loan clearly stated.

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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	6
50% of AMI	50% of AMI	52
60% of AMI	60% of AMI	57

STRENGTHS/MITIGATING FACTORS

- Overall capture rate is 7% and the sub-market occupancy is reported at 95%.
- Restricted units show an overall average rent savings of 50% of the market rents.
- Applicant has LIHTC development experience.

WEAKNESSES/RISKS

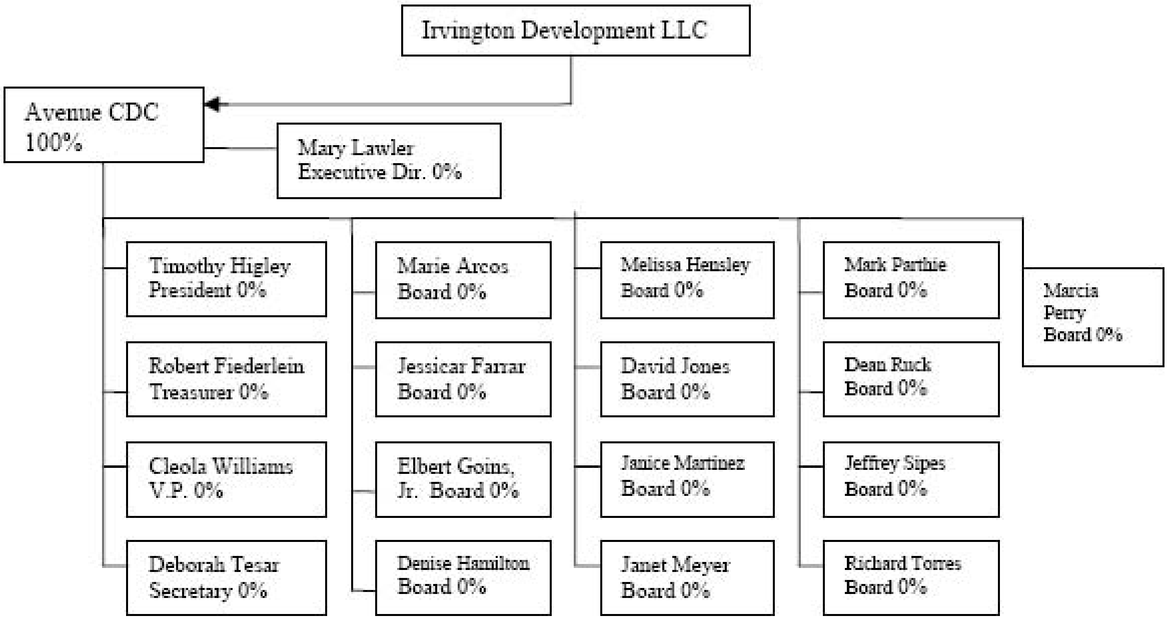
- General inability to reconcile the differences between the Underwriter's and Applicant's operating proforma and development costs.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Jason Holoubek Phone: (713) 864-8099 Fax: (713) 864-0027
Email: jasonh@avenuecdc.org

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Avenue Community Development Corp	N/A	4

IDENTITIES of INTEREST

- The Applicant, Developer and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The seller is the General Partner of the applicant. The acquisition price will be based upon the lesser of the declared price, the appraised value, or the original acquisition plus supported holding costs. This is discussed at greater length in the construction cost section of this report.

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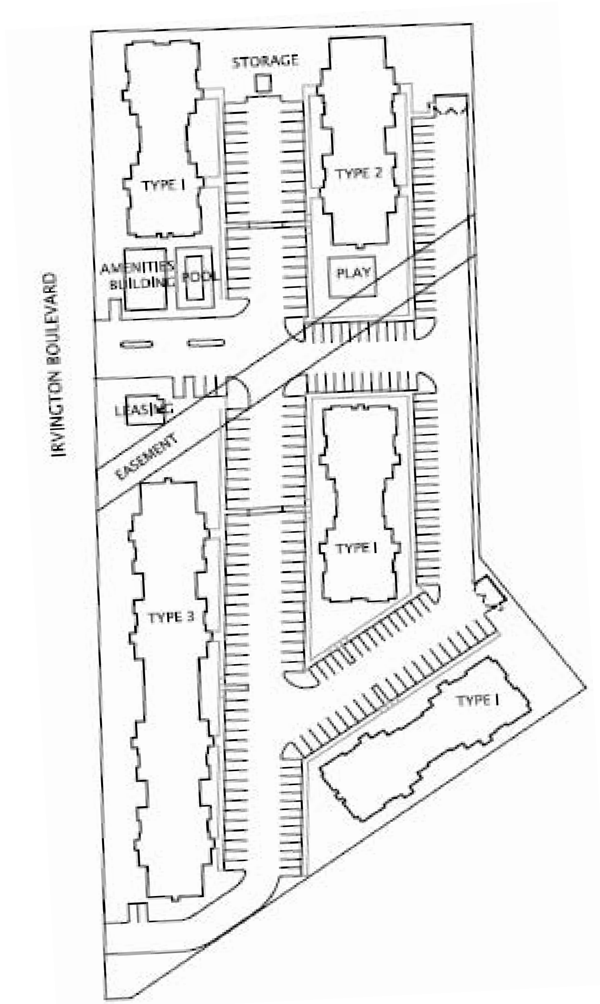
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III								Total Buildings
Floors/Stories	3	3	3								
Number	3	1	1								**5**

BR/BA	SF	Units										Total Units	Total SF
1/1	700	12										36	25,200
2/2	970		12	24								36	34,920
2/2	1,026		12	24								36	36,936
3/2	1,152	12										36	41,472
Units per Building		24	24	48								**144**	**138,528**

SITE ISSUES

Total Size:	5.72 acres	Scattered site?	☐ Yes	☒ No
Flood Zone:	Zone X	Within 100-yr floodplain?	☐ Yes	☒ No
Zoning:	N/A	Needs to be re-zoned?	☐ Yes	☐ No ☒ N/A

Comments:

The City of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff   Date: 5/14/2009

Overall Assessment:

- [ ] Excellent
- [x] Acceptable
- [ ] Questionable
- [ ] Poor
- [ ] Unacceptable

Surrounding Uses:

North: residential & commercial uses   East: vacant land

South: residential uses   West: Irvington Blvd, residential & commercial uses

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Four Star Environmental, Inc.   Date: 3/24/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "A Phase I/II report dated May 6, 2008 by Four Star for Avenue CDC ... indicated that several RECs were identified at that address. However, a review of the records and interviews with site personnel indicated that these RECs are not directly associated with the subject property, but instead with the larger neighboring property to the east." (p. 9)
- "Four Star concludes that there are no recognized environmental conditions at the subject property based on this ESA." (p. 30)

MARKET HIGHLIGHTS

Provider: O'Connor & Associates   Date: 3/13/2009

Contact: Robert Coe   Phone: (713) 375-4279   Fax: (713) 686-8336

Number of Revisions: none   Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 20 sq. miles   3 mile equivalent radius

The Primary Market Area is defined by the following census tracts:

482012102	482012103	482012104	482012105	482012106
482012107	482012108	482012109	482012110	482012111
482012113	482015103	482015104	482015105	482015109
482015110	482015111	482015112	482015113	482015114
482015115	482015116			

The geographic boundaries are Loop 610 to the north and west; Interstate 10 to the south; and Kashmere Road, Liberty Road, and Lockwood Drive to the east. The PMA had an estimated 2008 population of 99,120, with 36,447 households.

Secondary Market Area (SMA):

The market study does not define a Secondary Market Area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Village Park North	05204	100	100	none			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$13,400	$15,300	$17,250	$19,150	$20,700	$22,200
40	$17,880	$20,400	$22,960	$25,520	$27,560	$29,600
50	$22,350	$25,500	$28,700	$31,900	$34,450	$37,000
60	$26,820	$30,600	$34,440	$38,280	$41,340	$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	81	-1	0	80	2	0	3%
1 BR/50%	123	-2	0	121	13	0	11%
1 BR/60%	132	-3	0	129	14	0	11%
2 BR/30%	60	-2	0	58	3	0	5%
2 BR/50%	111	-4	0	107	26	0	24%
2 BR/60%	111	-2	0	109	29	0	27%
3 BR/30%	25	-1	0	24	1	0	4%
3 BR/50%	49	-2	0	47	13	0	28%
3 BR/60%	43	0	0	43	14	0	33%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	81	-1	0	80	2	0	2%
1 BR/50%	102	-2	0	100	13	0	13%
1 BR/60%	133	-3	0	130	14	0	11%
2 BR/30%	89	-3	0	86	3	0	3%
2 BR/50%	143	-5	0	138	26	0	19%
2 BR/60%	163	-4	0	159	29	0	18%
3 BR/30%	113	-5	0	108	1	0	1%
3 BR/50%	172	-3	0	170	13	0	8%
3 BR/60%	188	-6	0	182	14	0	8%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 70				6,949	47% 3,266
Underwriter	100% 36,782	91% 33,600	36% 11,946	60% 7,140	44% 3,170
PMA DEMAND from GROWTH					growth
Market Analyst p. 70					32
Underwriter					36
DEMAND from OTHER SOURCES					Section 8
Market Analyst p. 70					152
Underwriter					N / A

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 71	115	0	0	115	3,450	**3%**
Underwriter	115	100	0	215	3,206	**7%**

This section intentionally left blank.

Proposed, Under Construction, and Unstabilized Comparable Supply:

The market study does not identify any unstabilized comparable supply in the Primary Market Area. However, Village Park North (#05204, fka Ambassador North) is located less than three miles north of the subject. Village Park North was a rehabilitated development; although it was 83% occupied at the time of application in 2005, Department records indicate its occupancy was down to 38% in mid 2008. The underwriting analysis has included the 100 units at Village Park North in the capture rate calculation for the subject.

Demand Analysis:

The market study analysis identifies demand for 3,266 units due to turnover of income eligible renter households, and demand for 32 units due to household growth. The market study also calculates additional demand for 152 units from holders of Section 8 vouchers.

The underwriting analysis determines demand for 3,170 units due to household turnover, and demand for 36 units due to household growth. Demand from Section 8 vouchers was not considered as there is sufficient demand from traditional sources.

The market study concludes an inclusive capture rate of 3% based on total demand for 3,450 units, and a total supply of 115 restricted units at the subject. The underwriting analysis concludes an inclusive capture rate of 7% based on total demand for 3,206 units and total supply of 215 units. Both results are well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The selected comparable apartments surveyed in the primary market area of the proposed subject complex exhibited strong occupancy rates, with a median occupancy level of 94.80% ... The closest HTC project within the subject PMA is Fulton Village Apartments, which is a 108-unit Family HTC facility, which has a current occupancy of 99%." (p. 11)

Absorption Projections:

"Absorption in the subject's primary market area over the past twelve quarters ending December 2008 totals a positive 684 units. Absorption has been positive in nine of the past twelve quarters. Absorption over the past three years has averaged 0157 units per quarter. The moderately-high amount of new product that entered the market in 2000 through 2009 was or is being readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (p. 12)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)		Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 700 SF	30%	$266	$280	$865	$280	$585
1 BR 700 SF	50%	$495	$520	$865	$520	$345
1 BR 700 SF	60%	$609	$639	$865	$639	$226
1 BR 700 SF	Mkt	$704	$865	$865	$865	$0
1 BR 700 SF	Mkt	$704	$865	$865	$865	$0
2 BR 970 SF	30%	$305	$324	$1,125	$324	$801
2 BR 970 SF	50%	$580	$610	$1,125	$610	$515
2 BR 970 SF	60%	$718	$754	$1,125	$754	$371
2 BR 970 SF	Mkt	$830	$1,125	$1,125	$1,125	$0
2 BR 970 SF	Mkt	$830	$1,125	$1,125	$1,125	$0
2 BR 1,026 SF	30%	$305	$324	$1,165	$324	$841
2 BR 1,026 SF	50%	$580	$610	$1,165	$610	$555
2 BR 1,026 SF	60%	$718	$754	$1,165	$754	$411
2 BR 1,026 SF	Mkt	$830	$1,165	$1,165	$1,165	$0
2 BR 1,026 SF	Mkt	$830	$1,165	$1,165	$1,165	$0
3 BR 1,152 SF	30%	$338	$360	$1,385	$360	$1,025

RENT ANALYSIS (Tenant-Paid Net Rents) (cont.)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
3 BR 1,152 SF 50%	$656	$691	$1,385	$691	$694
3 BR 1,152 SF 60%	$815	$857	$1,385	$857	$528
3 BR 1,152 SF Mkt	$990	$1,385	$1,385	$1,385	$0
3 BR 1,152 SF Mkt	$990	$1,385	$1,385	$1,385	$0

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)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the rents calculated by subtracting tenant-paid utility allowances as of December 1, 2007, maintained by the Houston Housing Authority, from the 2009 program gross rent limits. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available. Tenants will be required to pay electric & natural gas utility costs.

For the market units, the Applicant's proforma uses an average rent of $844 per unit which is $304 less than the market rents as determined by the market analyst at $1,148 per unit. The Applicant indicates that the proforma market rents are based on their market research on comparable properties in the area, as adjusted, and rents on two other properties owned by the applicant (these two properties show an average rent of $796 per unit and $1,009 per unit, respectively). Based on review of the market study and the additional information provided by the Applicant, the underwriter used the market rents provided by the Applicant in the market study pursuant to Section 1.32 of the 2009 Real Estate Analysis Rules.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents and lower rents for the Market rate units, effective gross income is not within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 2 Date of Last Applicant Revision: 4/22/2009

The Applicant's total annual operating expense projection at $4,334 per unit is within 5% of the Underwriter's estimate of $4,435, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows general & administrative to be $16K higher when compared to the Underwriter's estimate. While the general partner of the applicant is a non-profit entity, the applicant has not indicated an intent to apply for a property tax exemption. For purposes of this analysis the Underwriter included a full property tax estimate. However, the Underwriter determined that should the development receive a property tax exemption, the DCR would climb over the Department's maximum 1.35 guideline, indicating that the property could service additional permanent debt. If so, the final credit recommendation at cost certification could result in a reduction to the credit allocation.

Conclusion:

As mentioned previously, the 2009 HTC rent limits have been released since the application was submitted. As a result, overall increases in the rent limits for this area provide for additional income to the development that was not originally anticipated.

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, rather than resize the permanent mortgage and possibly gap the Subject development, the Underwriter has recommended a financing structure that reflects repayment of the City HOME funds in the analysis (0% interest on a 30 year amortization) that produces a DCR that fits within the underwriting parameters used for sizing the allocation. The permanent debt and overall sources remain unaffected and equivalent to the applicant's sources. As such, the proforma analysis alone has no impact on the allocation recommendation. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: GARY BROWN & ASSOCIATES, INC. Date: 3/27/2009

Number of Revisions: None Date of Last Applicant Revision: N/A

Land Only: 5.72 acres $3,990,000 As of: 3/27/2009

ASSESSED VALUE

Land Only:	20.3 acres	$1,075,945	Tax Year:	2008
Existing Buildings:		$1,747,516	Valuation by:	Harris CAD
1 acre:		$53,126		
Total Prorata (Land Only):	5.72 acres	$303,882		

EVIDENCE of PROPERTY CONTROL

Type: Special Warranty Deed Acreage: 20.3448

Contract Expiration: N/A Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $6,400,000 Other:

Seller: Avenue Community Development Corporation Related to Development Team? [x] Yes [ ] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The general partner of the Applicant, as a related party, purchased a 20.3 acre tract for $6.4M, or $7.22 per square foot, in November 2008. The subject property is a 5.72 acre portion out of the 20.3 acres and will be conveyed to the Applicant entity for $2.5M or $10.17 per square foot. Upon the Underwriter's request for verifiable holding cost information, the Applicant indicated $120K of interest carry (representing $.48 per square foot) but did not provide supporting documentation. The applicant indicated that the value allocation of $10.17 to the subject site is due to the site's frontage and visibility on Irvington Boulevard.

While the value assigned to the subject site by the Applicant may be reasonable due to higher visibility, better access and is supported by the appraised value, Section 1.32(e)(1)(B)(iii) of the Real Estate Analysis Rules require the underwriter to use the lesser of the Applicant's, or Related Party's, actual costs or the appraised value. Therefore, the acquisition cost used in the Underwriter's analysis is $1,799,379 as a proration of the original $6.4M acquisition of the larger tract.

Sitework Cost:

The Applicant's claimed sitework costs of $8,197 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 $935K or 12% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant's eligible interim financing fees by $106,889 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.

Contingency & Fees:

The Applicant's eligible contingency costs were adjusted down by $3,032 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines; however, the Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of $8,490 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

Conclusion:

The Applicant's total development cost is not within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $13,172,222 supports annual tax credits of $1,226,797. 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

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: City of Houston Type: **Soft Loan**

Principal: $3,000,000 Interest Rate: 0.0% ☐ Fixed Amort: N/A months

Comments:

The Applicant provided an intent to apply for the local HOME funds. The application indicates a request for a cash flow loan that will carry an interest rate at or below that of the Applicable Federal Rate, and will carry a minimum term of the later of one year or the placed in service date.

For purposes of this analysis, the Underwriter has included debt service on the anticipated City of Houston HOME funds in order to bring the estimated DCR down from a 1.55. This suggests that the City of Houston HOME funds could be repayable at a an acceptable DCR of 1.22.

Therefore, receipt, review and acceptance of a firm commitment from the City of Houston for the $3M funds structured at 0% interest and fully amortized over 30 years is a condition of this report.

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Source:	Bank of America			Type:	**Interim to Permanent Financing**		
Interim:	$6,482,356	Interest Rate:	3.97%	[ ] Fixed	Amort:	24	months
Permanent:	$4,350,000	Interest Rate:	7.75%	[x] Fixed	Amort:	360	months

Comments:

Interim Rate Index: Daily Floating 1 month BBA LIBOR + 350 bps, floating. Interest only.
Permanent Note Rate: Fixed 7.25%, underwritten @ 7.75%.

Source:	Houston Endowment	Type:	**Grant**
Principal:	$400,000	Conditions:	

Comments:

The Applicant received $2M on November 20, 2008 to go towards land acquisition.

Source:	Bank of America		Type:	**Syndication**	
Proceeds:	$9,403,553	Syndication Rate:	70%	Anticipated HTC:	$ 1,343,499

Comments:

Due to the recent volatility in credit pricing, it should be noted, any increase in the final credit price may warrant an adjustment to the credit amount.

Amount:	$544,312	Type:	**Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. While the Applicant's proforma does not include debt service for the local funding, this underwriting analysis assumes the $3M city loan will bear interest at 0% and be fully amortized over 30 years. Should the $3M in city HOME funds be eventually structured as a soft loan, the development's DCR based on this underwriting would increase above 1.35. As such, it may become necessary to revisit the serviceable debt assumption at cost certification and may adjust the credit allocation.

The Underwriter's total development cost estimate less the permanent loan of $4,350,000 and $3M in local HOME funds indicates the need for $8,456,032 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,208,125 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,343,499), the gap-driven amount ($1,208,125), and eligible basis-derived estimate ($1,226,797), the gap-driven amount of $1,208,125 is recommended resulting in proceeds of $8,456,032 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds.

Underwriter:	*Diamond Unique Thompson*	Date:	January 0, 1900
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	January 0, 1900
Director of Real Estate Analysis:	*Brent Stewart*	Date:	January 0, 1900

MULTIFAMILY COMPARATIVE ANALYSIS

Irvington Court, Houston, 9%/HTC #09254

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	WS&T
TC 30%	2	1	1	700	$358	$280	$560	$0.40	$78.00	$53.00
TC 50%	13	1	1	700	$598	$520	$6,760	$0.74	$78.00	$53.00
TC 60%	14	1	1	700	$717	$639	$8,946	$0.91	$78.00	$53.00
MR	6	1	1	700		$865	$5,190	$1.24	$78.00	$53.00
MR	1	1	1	700		$865	$865	$1.24	$78.00	$53.00
TC 30%	2	2	2	970	$431	$324	$648	$0.33	$107.00	$64.00
TC 50%	16	2	2	970	$717	$610	$9,760	$0.63	$107.00	$64.00
TC 60%	14	2	2	970	$861	$754	$10,556	$0.78	$107.00	$64.00
MR	3	2	2	970		$1,125	$3,375	$1.16	$107.00	$64.00
MR	1	2	2	970		$1,125	$1,125	$1.16	$107.00	$64.00
TC 30%	1	2	2	1,026	$431	$324	$324	$0.32	$107.00	$64.00
TC 50%	10	2	2	1,026	$717	$610	$6,100	$0.59	$107.00	$64.00
TC 60%	15	2	2	1,026	$861	$754	$11,310	$0.73	$107.00	$64.00
MR	9	2	2	1,026		$1,165	$10,485	$1.14	$107.00	$64.00
MR	1	2	2	1,026		$1,165	$1,165	$1.14	$107.00	$64.00
TC 30%	1	3	2	1,152	$498	$360	$360	$0.31	$138.00	$74.00
TC 50%	13	3	2	1,152	$829	$691	$8,983	$0.60	$138.00	$74.00
TC 60%	14	3	2	1,152	$995	$857	$11,998	$0.74	$138.00	$74.00
MR	7	3	2	1,152		$1,385	$9,695	$1.20	$138.00	$74.00
MR	1	3	2	1,152		$1,385	$1,385	$1.20	$138.00	$74.00
TOTAL:	144		**AVERAGE:**	962		$761	$109,590	$0.79	$107.50	$63.75

INCOME 36	Total Net Rentable Sq Ft:	138,528	**TDHCA**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$1,315,080	$1,164,648	Harris	Houston	6
Secondary Income	Per Unit Per Month:	$15.00	25,920	25,920	$15.00	Per Unit Per Month	
Other Support Income:			0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,341,000	$1,190,568			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(100,575)	(89,292)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			$1,240,425	$1,101,276			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.97%	$342	0.36	$49,212	$65,664	$0.47	$456	5.96%
Management		5.00%	431	0.45	62,021	52,728	0.38	366	4.79%
Payroll & Payroll Tax		12.05%	1,038	1.08	149,499	153,504	1.11	1,066	13.94%
Repairs & Maintenance		5.81%	500	0.52	72,043	64,800	0.47	450	5.88%
Utilities		3.43%	296	0.31	42,586	33,696	0.24	234	3.06%
Water, Sewer, & Trash		4.24%	365	0.38	52,538	50,400	0.36	350	4.58%
Property Insurance		3.91%	337	0.35	48,485	42,600	0.31	296	3.87%
Property Tax	1.88495	8.75%	754	0.78	108,573	106,990	0.77	743	9.72%
Reserve for Replacements		2.90%	250	0.26	36,000	36,000	0.26	250	3.27%
TDHCA Compliance Fees		0.37%	32	0.03	4,600	4,600	0.03	32	0.42%
Other: Cable, Supp. Servs, Sec		1.05%	91	0.09	13,072	13,072	0.09	91	1.19%
TOTAL EXPENSES		51.48%	$4,435	$4.61	$638,630	$624,054	$4.50	$4,334	56.67%
NET OPERATING INC		48.52%	$4,179	$4.34	$601,795	$477,222	$3.44	$3,314	43.33%
DEBT SERVICE									
Bank of America		30.15%	$2,597	$2.70	$373,967	$373,967	$2.70	$2,597	33.96%
City of Houston		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		18.37%	$1,582	$1.64	$227,828	$103,255	$0.75	$717	9.38%
AGGREGATE DEBT COVERAGE RATIO					1.61	1.28			
RECOMMENDED DEBT COVERAGE RATIO					1.27				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		11.38%	$12,496	$12.99	$1,799,379	$2,533,310	$18.29	$17,592	14.31%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.47%	8,197	8.52	1,180,356	1,180,356	8.52	8,197	6.67%
Direct Construction		48.17%	52,879	54.97	7,614,507	8,550,000	61.72	59,375	48.31%
Contingency	5.00%	2.78%	3,054	3.17	439,743	489,550	3.53	3,400	2.77%
Contractor's Fees	14.00%	7.79%	8,551	8.89	1,231,281	1,370,740	9.90	9,519	7.75%
Indirect Construction		4.13%	4,538	4.72	653,532	653,532	4.72	4,538	3.69%
Ineligible Costs		2.44%	2,680	2.79	385,979	385,979	2.79	2,680	2.18%
Developer's Fees	14.99%	10.86%	11,923	12.39	1,716,953	1,716,953	12.39	11,923	9.70%
Interim Financing		2.12%	2,332	2.42	335,850	335,850	2.42	2,332	1.90%
Reserves		2.84%	3,114	3.24	448,452	481,596	3.48	3,344	2.72%
TOTAL COST		100.00%	$109,764	$114.10	$15,806,032	$17,697,866	$127.76	$122,902	100.00%
Construction Cost Recap		*66.21%*	***$72,680***	***$75.55***	***$10,465,887***	***$11,590,646***	***$83.67***	***$80,491***	*65.49%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Bank of America	27.52%	$30,208	$31.40	$4,350,000	$4,350,000	$4,350,000	Developer Fee Available
City of Houston	18.98%	$20,833	$21.66	3,000,000	3,000,000	3,000,000	$1,716,953
Bank of America	59.49%	$65,302	$67.88	9,403,553	9,403,553	8,456,032	% of Dev. Fee Deferred
Houston Endowment	2.53%	$2,778	$2.89	400,000	400,000		
Deferred Developer Fees	3.44%	$3,780	$3.93	544,312	544,312		0%
Additional (Excess) Funds Req'd	-11.97%	($13,138)	($13.66)	(1,891,833)	1	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$15,806,032	$17,697,866	$15,806,032	$2,514,632

Irvington Court, Houston, 9%/HTC #09254

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.14	$7,638,772
Adjustments				
Exterior Wall Finish	3.20%		$1.76	$244,441
Hurricane Wind Adj	$1.03	138,528	1.03	142,684
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.81)	(111,746)
Floor Cover			2.38	329,697
Breezeways/Balconies	$22.95	20,028	3.32	459,643
Plumbing Fixtures	$835	324	1.95	270,540
Rough-ins	$410	288	0.85	118,080
Built-In Appliances	$1,800	144	1.87	259,200
Exterior Stairs	$1,875	48	0.65	90,000
Enclosed Corridors	$45.22		0.00	0
Heating/Cooling			1.83	253,506
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$76.31	2,583	1.42	197,115
Other: fire sprinkler	$2.15	138,528	2.15	297,835
SUBTOTAL			73.56	10,189,767
Current Cost Multiplier	1.01		0.74	101,898
Local Multiplier	0.91		(6.62)	(917,079)
TOTAL DIRECT CONSTRUCTION COSTS			$67.67	$9,374,586
Plans, specs, survy, bld prm	3.90%		($2.64)	($365,609)
Interim Construction Interes	3.38%		(2.28)	(316,392)
Contractor's OH & Profit	11.50%		(7.78)	(1,078,077)
NET DIRECT CONSTRUCTION COSTS			$54.97	$7,614,507

PAYMENT COMPUTATION

Primary	$4,350,000	Amort	360
Int Rate	7.75%	DCR	1.61

Secondary	$3,000,000	Amort	
Int Rate		Subtotal DCR	1.61

Additional	$9,403,553	Amort	
Int Rate		Aggregate DCR	1.61

RECOMMENDED FINANCING STRUCTURE:

	Primary Debt Service	$373,967
1,960.0000	Secondary Debt Service	100,000
	Additional Debt Service	0
	NET CASH FLOW	$127,828

Primary	$4,350,000	Amort	360
Int Rate	7.75%	DCR	1.61

Secondary	$3,000,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.27

Additional	$9,403,553	Amort	0
Int Rate	0.00%	Aggregate DCR	1.27

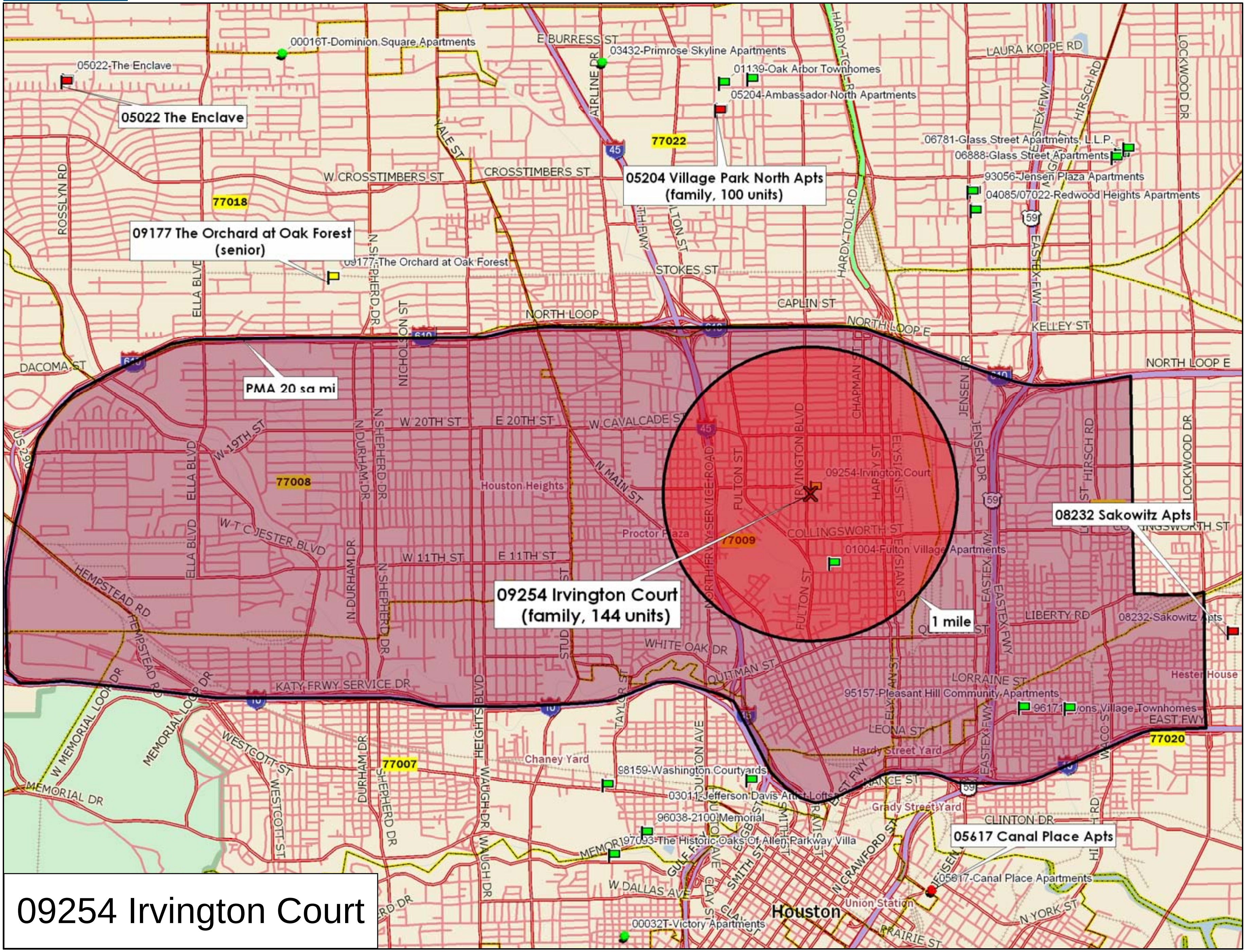
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,315,080	$1,341,382	$1,368,209	$1,395,573	$1,423,485	$1,571,642	$1,735,220	$1,915,823	$2,335,378
Secondary Income	25,920	26,438	26,967	27,507	28,057	30,977	34,201	37,761	46,030
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,341,000	1,367,820	1,395,176	1,423,080	1,451,542	1,602,619	1,769,421	1,953,584	2,381,408
Vacancy & Collection Loss	(100,575)	(102,587)	(104,638)	(106,731)	(108,866)	(120,196)	(132,707)	(146,519)	(178,606)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,240,425	$1,265,234	$1,290,538	$1,316,349	$1,342,676	$1,482,423	$1,636,714	$1,807,065	$2,202,802
EXPENSES at 3.00%									
General & Administrative	$49,212	$50,688	$52,209	$53,775	$55,388	$64,210	$74,437	$86,293	$115,971
Management	62,021	63,262	64,527	65,817	67,134	74,121	81,836	90,353	110,140
Payroll & Payroll Tax	149,499	153,984	158,604	163,362	168,263	195,063	226,131	262,148	352,305
Repairs & Maintenance	72,043	74,205	76,431	78,724	81,086	94,000	108,972	126,329	169,775
Utilities	42,586	43,863	45,179	46,535	47,931	55,565	64,415	74,674	100,356
Water, Sewer & Trash	52,538	54,114	55,738	57,410	59,132	68,550	79,469	92,126	123,809
Insurance	48,485	49,939	51,438	52,981	54,570	63,262	73,338	85,018	114,258
Property Tax	108,573	111,830	115,185	118,641	122,200	141,663	164,227	190,384	255,860
Reserve for Replacements	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other	17,672	18,202	18,748	19,311	19,890	23,058	26,730	30,988	41,645
TOTAL EXPENSES	$638,630	$657,168	$676,251	$695,893	$716,111	$826,464	$954,007	$1,101,439	$1,468,955
NET OPERATING INCOME	$601,795	$608,065	$614,288	$620,456	$626,564	$655,959	$682,707	$705,626	$733,847
DEBT SERVICE									
First Lien Financing	$373,967	$373,967	$373,967	$373,967	$373,967	$373,967	$373,967	$373,967	$373,967
Second Lien	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$127,828	$134,098	$140,320	$146,489	$152,597	$181,991	$208,740	$231,658	$259,880
DEBT COVERAGE RATIO	1.27	1.28	1.30	1.31	1.32	1.38	1.44	1.49	1.55

HTC ALLOCATION ANALYSIS -Irvington Court, Houston, 9%/HTC #09254

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$2,533,310	$1,799,379		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,180,356	$1,180,356	$1,180,356	$1,180,356
Construction Hard Costs	$8,550,000	$7,614,507	$8,550,000	$7,614,507
Contractor Fees	$1,370,740	$1,231,281	$1,362,250	$1,231,281
Contingencies	$489,550	$439,743	$486,518	$439,743
Eligible Indirect Fees	$653,532	$653,532	$653,532	$653,532
Eligible Financing Fees	$335,850	$335,850	$335,850	$335,850
All Ineligible Costs	$385,979	$385,979		
Developer Fees				
Developer Fees	$1,716,953	$1,716,953	$1,716,953	$1,716,953
Development Reserves	$481,596	$448,452		
TOTAL DEVELOPMENT COSTS	$17,697,866	$15,806,032	$14,285,458	$13,172,222

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$14,285,458	$13,172,222
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$18,571,096	$17,123,888
Applicable Fraction		80%	80%
TOTAL QUALIFIED BASIS		$14,783,090	$13,631,074
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$1,330,478	$1,226,797
Syndication Proceeds	**0.6999**	**$9,312,416**	**$8,586,718**
Total Tax Credits (Eligible Basis Method)		**$1,330,478**	**$1,226,797**
Syndication Proceeds		**$9,312,416**	**$8,586,718**
Requested Tax Credits		**$1,343,499**	
Syndication Proceeds		**$9,403,553**	
Gap of Syndication Proceeds Needed			**$8,456,032**
Total Tax Credits (Gap Method)			**$1,208,125**



TN

MN (3.5°E)

Scale 1 : 56,250

1" = 4,687.5 ft Data Zoom 11-7

09281 Mariposa at Keith Harrow
Board Appeal

Real Estate Analysis Division

BOARD ACTION ITEM

September 3, 2009

Item

Presentation, discussion and possible action on a timely filed appeal for #09281 Mariposa at Keith Harrow regarding the market study of another development under the 2009 Competitive Housing Tax Credit program, #09103 Trebah Village, Houston, Harris County, Texas.

Required Action

Approve, deny or approve with amendments a determination on the appeal.

Background

SSFP MKH X, LLC, the General Partner of Mariposa Kieth Harrow Blvd, LP., the Applicant, submitted an application for funding under the 2009 Competitive Housing Tax Credit program to develop 180 multifamily rental units targeting the elderly. The Applicant requested $2M in annual tax credits to support a total development budget of $20,172,948. The Applicant submitted a market study which, based upon the Underwriter's independent analysis, should have reflected an inclusive capture rate of at least 48% based on new supply from only the subject and turnover from other senior properties in the market area.

However, the application was recommended for funding with the condition that TDHCA #09103, Trebah Village, a higher priority development did not receive an allocation of tax credits. Trebah Village (#09103) is located less than four miles to the west. Trebah Village has a higher priority than the subject, and while Trebah Village is outside the subject PMA, the subject property is located inside the Primary Market Area defined for Trebah Village. Trebah Village has been recommended by the Underwriter with the condition that a maximum of 165 units in addition to Trebah Village be approved within the Trebah Village market area. The subject of this report, Mariposa at Keith Harrow, proposes 180 units; therefore, if Mariposa at Keith Harrow is approved, that action will violate the condition set for Trebah Village, a higher priority application. Additionally, the subject is one of six applications for senior developments all located within seven miles of each other.

At the time of underwriting, the subject has the fourth highest priority of the six. The Department is concerned about this proposed concentration of senior units, and has looked closely at the overall demand in the area. The combined market areas have a total of 120,592 households, including 29,130 senior households. The underwriting analysis indicates total demand for 1,298 units, resulting in an inclusive capture rate of 59% for the 769 total proposed units. This is below the maximum 75%, suggesting that the combined area can support the proposed units in all six properties. The total number of units in this overlapping market area remains a general concern and could affect leasing velocity and result in a potentially protracted stabilization period for the subject.

Furthermore, the Applicant's appeal does not contest any decision as outlined in §49.17(b)(1) of the 2009 QAP. Rather, it appeals the market study for another development, TDHCA #09103, Trebah Village, which violates §49.17(b)(2), "An Applicant may not appeal a decision made regarding an Application filed by another Applicant."

Recommendation

Staff recommends the Board deny the appeal.

09281 Mariposa at Keith Harrow
Executive Director Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

August 14, 2009

Mr. Stuart Shaw
901 Mopac Expwy. S., Bldg. 4, Ste. 180
Houston, TX 78746
Telephone: (512) 220-8000
Telecopier: (512) 329-9002

Re: Executive Director Appeal for Mariposa at Keith Harrow, TDHCA # 09281

Dear Mr. Stevenson:

Appeal Review

I have reviewed the subject application, as well as your appeal that was received on July 24, 2009 regarding the market study for TDHCA #09103 Trebah Village. Mariposa at Keith Harrow was recommended for funding with the following condition:

- "Approval of this application is subject to a competing application, 09103 Trebah Village (which has a higher priority than the subject) not being approved for an allocation of tax credits."

You have not contested any decision as outlined in §49.17(b)(1) of the 2009 QAP. Rather, you are appealing the market study for another development. Consequently, you are in violation of §49.17(b)(2) which states, "An Applicant may not appeal a decision made regarding an Application filed by another Applicant."

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

Appeal Determination

The appeal is denied.

Pursuant to Title 10 Texas Administrative Code Section 1.7 you have requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. This appeal will be considered by the Board at the September 3, 2009 Board meeting.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

Sincerely,

Michael Gerber
Executive Director

MGG: RBS

09281 Mariposa at Keith Harrow Appeal

BONNER CARRINGTON

July 28, 2009

Mr. Michael Gerber, Executive Director
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Appeal for Mariposa at Kieth Harrow (TDHCA #09281)

Dear Mr. Gerber,

The Applicant for Mariposa at Kieth Harrow Apartment Homes Community, TDHCA #09281, would like to appeal the underwriting report that was issued on July 24, 2009. The Applicant would like to appeal the market study for Trebah Village, TDHCA #09103, and its affects on the Mariposa at Keith Harrow capture rate and the number of units that can be supported in the market.

Documentation supporting this appeal will be forthcoming.

Sincerely,

Stuart Shaw
Applicant's Representative

Attachments: 1) TDHCA Underwriting Appeal Form

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2009 Application Cycle
Underwriting Report Notice

Appeal Election Form: 09281 Mariposa at Keith Harrow Date Sent: 07/24/09

I am in receipt of my 2009 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 49.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.
If my appeal is denied by the Executive Director, I

- [x] Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

- [ ] Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

- [ ] Do **not** wish to appeal to the Board of Directors or Executive Director.

Signed ____________________

Title Applicant's Representative

Date July 28, 2009

Please fax or e-mail to the attention of:
Pam Cloyde: (fax) 512.475.4420
(e-mail) pamela.cloyde@tdhca.state.tx.us

09281 Mariposa at Keith Harrow
Underwriting Report

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/24/09 PROGRAM: 9%/HTC FILE NUMBER: **09281**

DEVELOPMENT

Mariposa at Keith Harrow

Location: .25 miles West of Keith Harrow Blvd & Hwy 6 Intersection on the South side of Keith Harrow Blvd Region: 6

City: Houston County: Harris Zip: 77084 ☐ QCT ☑ DDA

Key Attributes: Seniors, New Construction, Urban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$2,000,000			**$2,000,000**		

CONDITIONS

1 Approval of this application is subject to a competing application, 09103 Trebah Village (which has a higher priority than the subject) not being approved for an allocation of tax credits.

2 The demand analysis supports a funding recommendation for the subject, with the condition that no more than 99 units in addition to the subject be approved in the subject Primary Market Area.

3 Receipt, review, and acceptance, before carryover, of evidence that a comprehensive noise study of the site has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

4 Receipt, review and acceptance, by commitment, of documentation from the seller of the property (Stuart Shaw Family Partnership) of the actual estimated cost to construct the proposed detention pond for the 61.17 acres, which will then be evaluated to determine the appropriate prorata share for the subject 9 acres to be included in the sales price to the partnership.

5 Receipt, review and acceptance, by commitment, of a firm commitment from the Houston-Galveston Area Council for the requested CDBG funds, with terms of the funds clearly stated.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	81
60% of AMI	60% of AMI	90

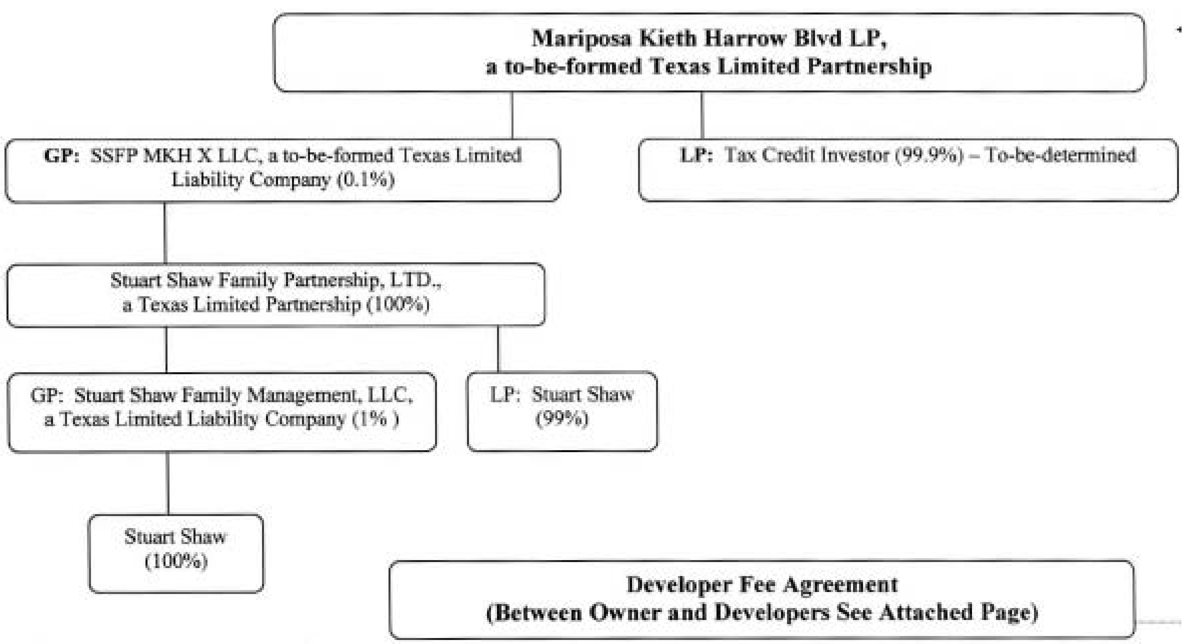
PROS	CONS
▫ The non-conventional sources of local financing for this development could be safely replaced by deferral of developer fees if needed.	▫ The anticipated syndication proceeds as a percentage of total cost (76%) is higher than the typical percentage (less than 70%) for a 9% transaction due to the level of low income targeting [and the QCT 130% boost].
▫ The principals of the Applicant have considerable experience and financial resources.	▫ The number of units targeting the 50% and 60% of AMI income range appears to exceed the demand, based on unit-specific capture rates greater than 100%

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Stuart Shaw Phone: (512) 220-8000 Fax: (512) 329-9002
Email: stuart@bonnercarrington.com

KEY PARTICIPANTS

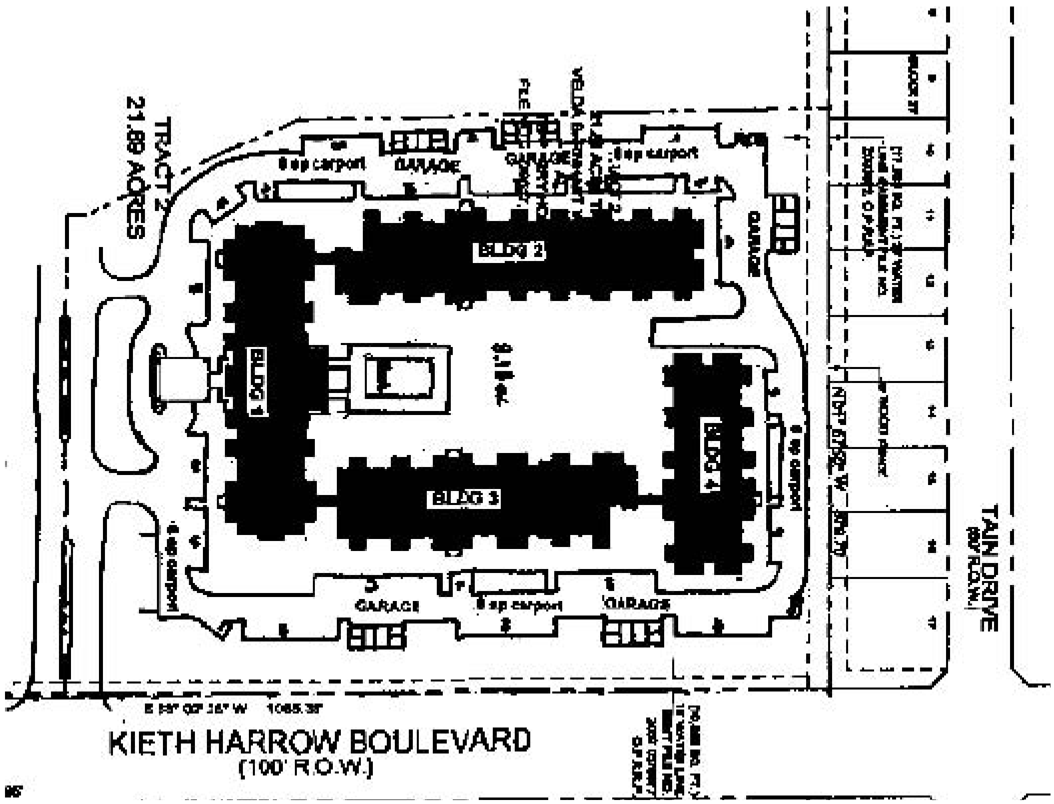
Name	Financial Notes	# Completed Developments
Bonner Carrington, LLC	N/A	None Identified
Bonner Carrington Construction, LLC	N/A	None Identified
Stuart Shaw Family Partnership	N/A	8
Stuart Shaw	CONFIDENTIAL	8

IDENTITIES of INTEREST

- The Applicant, Developer and General Contractor are related entities. These are common relationships for HTC-funded developments.
- The seller is also regarded as a related party to the General Partner. The acquisition price will be based upon the lesser of the declared price, the appraised value, and the original acquisition and holding cost. This is discussed at greater length in the construction cost section of this report.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV							Total Buildings
Floors/Stories	3	3	3	3							
Number	1	1	1	1							**4**

BR/BA	SF	Units										Total Units	Total SF
1/1	760	24	20	31	18							93	70,680
2/2	1,075	12	35	18	18							83	89,225
2/2	1,190	4										4	4,760
Units per Building		40	55	49	36							**180**	**164,665**

This section intentionally left blank.

SITE ISSUES

Total Size: 9 acres | Scattered site? ☐ Yes ☑ No

Flood Zone: Zone X | Within 100-yr floodplain? ☐ Yes ☑ No

Zoning: N/A | Needs to be re-zoned? ☐ Yes ☐ No ☑ N/A

Comments:

The city of Houston does not have a zoning ordinance.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff   Date: 4/7/2009

Overall Assessment:

☐ Excellent ☑ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Keith Harrow Blvd & vacant land   East: Commercial uses and vacant land

South: Loch Katrine Ln & vacant land   West: Tain Dr & residential uses

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon   Date: 3/31/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based on the scope of services, limitations, and findings of this assessment, Terracon did not identify RECs which, in our opinion, warrant additional investigation at this time." (p. iii)
- "In accordance with U.S. Department of Housing and Urban Development guidelines and based on the proximity of major roadways to the site, Terracon recommends that a noise study be conducted." (p. ii)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, before carryover, of evidence that a comprehensive noise study of the site has been completed to assess compliance with HUD guidelines, and that any subsequent recommendations have been implemented.

MARKET HIGHLIGHTS

Provider: O'Connor & Associates   Date: 3/20/2009

Contact: Robert Coe   Phone: (713) 375-4279   Fax: (713) 686-8336

Number of Revisions: none   Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 47 sq. miles   4 mile equivalent radius

The Primary Market Area is bounded by FM 529 to the north; Beltway 8, Clay Road, Addicks Dam Road, and Eldridge Parkway to the east; Interstate Highway 10 to the south; and Barker Cypress Road, Saums Road, and Old Greenhouse Road to the west. The PMA had an estimated 2008 population of 93,951, including 7,325 senior households.

Secondary Market Area (SMA):

The market study defines the Secondary Market Area (SMA) as the entire City of Houston. While the 2009 Real Estate Analysis Rules set a population limit of 250,000 for a Secondary Market Area "for developments targeting families", there is no limit stated for senior developments. However, the rules also state that "25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate." The Market Analyst discusses the supply in the proposed Secondary Market Area; but the calculation of inclusive capture rate includes demand from the SMA without including any supply.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				outside the PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Stone Court	09160	80	0	Trebah Village	09103	129	0
Sendero Pointe	09191	120	0	Greenhouse Place	09265	140	0
				Mason Apt Homes	09272	120	0

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$13,400	$15,300	$17,250	$19,150	$20,700	$22,200
40	$17,880	$20,400	$22,960	$25,520	$27,560	$29,600
50	$22,350	$25,500	$28,700	$31,900	$34,450	$37,000
60	$26,820	$30,600	$34,440	$38,280	$41,340	$44,400

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	16	15	0	31	4	3	23%
1 BR/50%	32	32	0	64	44	27	111%
1 BR/60%	33	33	0	66	45	23	103%
2 BR/30%	9	7	0	16	5	4	56%
2 BR/50%	20	18	0	38	37	36	192%
2 BR/60%	24	23	0	47	45	33	166%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	20	7	0	27	4	0	15%
1 BR/50%	27	10	0	37	44	0	118%
1 BR/60%	27	10	0	37	45	0	121%
2 BR/30%	13	4	0	17	5	0	29%
2 BR/50%	20	7	0	27	37	0	138%
2 BR/60%	25	10	0	34	45	0	131%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 72				669	20% 134
Underwriter	14% 8,785	100% 8,785	18% 1,572	62% 974	20% 195
PMA DEMAND from GROWTH					growth
Market Analyst p. 72					41
Underwriter	14% 473	100% 473	18% 85	62% 52	100% 52
DEMAND from Senior HOMEOWNERS			turnover	growth	
Market Analyst p. 72			10% 93	109	202
Underwriter			10% 122	0	122

DEMAND from OTHER SOURCES		Secondary Market	Section 8	
Market Analyst p. 72		94	2	96
Underwriter		0	3	3

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	**Inclusive Capture Rate**
Market Analyst p. 73	180	80	0	320	472	**68%**
Underwriter	180	0	0	180	372	**48%**

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are two comparable 2009 applications located within the PMA. Stone Court Senior Residences (#09160) is a proposed 80-unit development located less than 2 miles north of the subject; Sendero Pointe (#09191) is a proposed 120 unit development located less than one mile to the east. At the time of this underwriting, the subject has a higher priority than both Stone Court and Sendero Pointe.

Another comparable 2009 application, Trebah Village (# 09103) is located less than four miles to the west. Trebah Village has a higher priority than the subject, and while Trebah Village is outside the subject PMA, the subject property is located inside the Primary Market Area defined for Trebah Village. Trebah Village has been recommended by the Underwriter with the condition that a maximum of 165 units in addition to Trebah Village be approved within the Trebah Village market area. The subject of this report, Mariposa at Keith Harrow, proposes 180 units; therefore, if Mariposa at Keith Harrow is approved, that action will violate the condition set for Trebah Village, a higher priority application.

It should be noted, also, that there are two additional 2009 applications for developments targeting seniors located outside the subject market area, but within a short distance. In all there are six proposed developments, with 769 proposed senior units, all within seven miles of each other, most with overlapping market areas as defined by the various market studies. The Underwriter is concerned about this potential concentration of senior developments within the general area. Therefore, in addition to considering supply and demand within each of the six individually defined PMAs, the Underwriter evaluated overall supply and demand in an area defined by overlaying all six PMAs, as discussed in the comments section.

Demand Analysis:

Although the market study includes a HISTA Data demographic report that clearly specifies senior households, the Market Analyst determines senior households indirectly by the size of the senior population relative to the adult population. By this method, the market study analysis determines demand for 134 units from renter household turnover, and demand for 41 units from renter household growth.

The underwriting analysis identifies demand for 195 units from turnover of income eligible senior renter households, and demand for 52 units from projected growth of renter households.

As explained above, the Market Analyst identifies the entire City of Houston as a Secondary Market Area. The market study analysis identifies 7,161 income-qualified senior renter households in the City of Houston, and 2,686 comparable unstabilized units. The analysis states that a 75% capture rate applied to this SMA data indicates demand for 5,371 units; since the REA rules limit SMA demand to 25% of total demand, the Market Analyst has included demand for 94 units in the calculation of an inclusive capture rate. This methodology does not conform to the REA rules, which require that 25% of the unstabilized comparable supply be included in the capture rate calculation. The underwriting analysis has therefore not considered the Secondary Market Demand.

The Market Analyst also identified demand for 202 units from existing senior homeowners. This amount includes demand for 93 units from turnover of existing owner households, based on a 9.8% rate from the 2000 census data; and demand for 109 units from projected growth in existing owner households.

The underwriting analysis identifies demand for 102 units due to turnover of existing income-qualified senior homeowner households; demand from projected growth of homeowner households is not allowed by the Rules and will not be considered.

The Market Analyst identities additional demand for 2 units from holders of Section 8 Housing Choice Vouchers. The underwriting analysis identifies demand for 3 units from voucher holders.

Considering all identified sources, the Market Analyst reports total demand for 472 units. At the time of application, the subject had an equivalent priority to Stone Court based on Applicant self-score, so the Market Analyst included Stone Court in the calculation of a capture rate. The subject 180 units plus 80 proposed units at Stone Court total 260 units; however, the Market Analyst inexplicably included a total supply of 320 units, resulting in a reported capture rate of 68%.

The underwriting analysis identifies total demand for 372 units, indicating an inclusive capture rate of 48% for the 180 proposed subject units. This is well below the maximum capture rate of 75% for developments targeting seniors.

However, this applies only because the subject currently has a higher priority than either of the two proposed developments in the PMA. The underwriting analysis indicates that the subject PMA can accommodate up to 99 units (in addition to the subject 180 units) before the inclusive capture rate would exceed the 75% limit.

The next priority application, Stone Court, proposes 80 units; if Stone Court is approved as well as the subject, the inclusive capture rate for the subject PMA increases to 70%.

Sendero Pointe proposes an additional 120 units; if the subject, Stone Court, and Sendero Pointe are all approved, the inclusive capture rate for the subject PMA increases to an unacceptable 102%.

Primary Market Occupancy Rates:

"The overall occupancy rate for projects in this primary market area was 89.25% as of March 2009. Occupancy rates for Class B projects was slightly higher at 93.33%." (p. 36)

Absorption Projections:

"Absorption in the subject's primary market area over the past twelve quarters ending December 2008 totals 675 units. Absorption has been positive in eight of the past twelve quarters. Absorption over the past three years has averaged +/-56 units per quarter." (p. 37)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 760 SF 30%	$279	$294	$850	$294	$556
1 BR 760 SF 50%	$508	$534	$850	$534	$316
1 BR 760 SF 60%	$625	$653	$850	$653	$197
2 BR 1,075 SF 30%	$338	$357	$1,225	$357	$868
2 BR 1,075 SF 50%	$613	$643	$1,225	$643	$582
2 BR 1,075 SF 60%	$750	$787	$1,225	$787	$438
2 BR 1,190 SF 60%	$750	$787	$1,290	$787	$503

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)

This section intentionally left blank.

Comments:

The demand analysis supports a funding recommendation for the subject, with the condition that no more than 99 units in addition to the subject be approved in the subject Primary Market Area.

It should also be reiterated that if the 180 subject units are approved, that action will violate the underwriting condition set for the recommendation of Trebah Village (# 09103), which is a higher priority application than the subject. Therefore, approval of this application is only recommended subject to Trebah Village not getting approved for a tax credit award.

Additionally, the subject is one of six applications for senior developments all located within seven miles of each other. At the time of underwriting, the subject has the fourth highest priority of the six. The Department is concerned about this proposed concentration of senior units, and has looked closely at the overall demand in the area. The combined market areas have a total of 120,592 households, including 29,130 senior households. The underwriting analysis indicates total demand for 1,298 units, resulting in an inclusive capture rate of 59% for the 769 total proposed units. This is below the maximum 75%, suggesting that the combined area can support the proposed units in all six properties.

The total number of units in this overlapping market area remains a general concern and could affect leasing velocity and result in a potentially protracted stabilization period for the subject.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 3 Date of Last Applicant Revision: 5/8/2009

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 1, 2009, maintained by Harris County Housing Authority from the 2008 program gross rent limits. Tenants will be required to pay electric & natural gas utility costs only.
The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC program rents. It should be noted that at the time the application was submitted the 2009 program rent limits were not yet available.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and despite the Applicant's use of the lower 2008 program rents, effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 5/8/2009

The Applicant's total annual operating expense projection at $4,315 per unit is within 5% of the Underwriter's estimate of $4,316, derived from the TDHCA database, and third-party data sources.

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider:	O'Connor & Associates			Date:	2/19/2009
Number of Revisions:	None	Date of Last Applicant Revision:	N/A		
Land Only:	9 acres	$1,470,000	As of:	2/19/2009	

ASSESSED VALUE

Land Only:	60.7 acres	$3,375,731	Tax Year:	2008
1 acre:		$55,622	Valuation by:	Harris CAD
Total Prorata:	9 acres	$500,597	Tax Rate:	2.94505

EVIDENCE of PROPERTY CONTROL

Type:	Purchase and Sale Agreement	Acreage:	9
Contract Expiration:	5/30/2009	Valid Through Board Date?	☑ Yes ☐ No
Acquisition Cost:	$1,500,000	Other:	
Seller:	Stuart Shaw Family Partnership	Related to Development Team?	☑ Yes ☐ No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The Applicant provided a Purchase and Sale Agreement in which Stuart Shaw Family Partnership, sole owner of the General Partner, will purchase a larger 61.17 acre tract from a third party seller, Perry Homes, LLC for a cost of $55K per acre. Subsequently, the 9 acre Subject site will be transferred to Mariposa Keith Harrow LP at a cost of $1.5M or $167K per acre.

§1.32(e)(1)((B)(iii)of the 2009 Real Estate Analysis Rules require that for related party transactions the Underwriter will utilize an acquisition cost that will not exceed the lesser of the original acquisition cost or the "as-is" value conclusion provided in the appraisal submitted. For this transaction, the "as-is" value concluded in the appraisal is $1,470,000 for the subject 9 acres. However, the prorata value based on the cost paid for the original 61.17 acres is $495,000. As a result the Underwriter's analysis would reflect the lesser $495,000 acquisition cost in order to reduce the potential excess profit attributed to this transfer of land

Since this is a significant difference in cost than what the Applicant has claimed in the development cost schedule, the Underwriter asked the Applicant to provide additional information to support their higher acquisition cost. According to the Applicant, the sales price of $1.5M to the partnership takes into account the prorata cost of the detention pond that will have to be constructed to service all 61.17 acres. The Applicant explained that Stuart Shaw Family Partnership will purchase 61.17 acres of raw land. However, a detention pond will be required to service all 61.17 acres and Stuart Shaw Family Partnership will build the improvement. Therefore the sales price of $1.5M takes into account the partnership's share of this cost that has been added into the land versus being identified as an offsite cost, because the partnership will not improve the property with the pond but will benefit from the use of the detention pond already built once the property is transferred.

This section intentionally left blank.

Therefore, according to the Applicant the difference between the actual prorata value of the land ($495K) and the sales price to the partnership ($1.5M) is really the partnership's share of the cost for the detention pond. The Underwriter is concerned that the Applicant is claiming approximately $1M cost as the prorata share for the detention pond that will be built by the seller. The Applicant claims that this is not an off-site cost that was included in the development cost schedule because the Applicant is not responsible for constructing the pond, but will pay for the value of the pond to service the proposed 9 acres.

For purposes of this analysis the Underwriter has utilized the Applicant's claimed acquisition cost of $1.5M. However, this report is conditioned upon receipt, review and acceptance, by commitment, of documentation from the seller of the property (Stuart Shaw Family Partnership) of the actual estimated cost to construct the proposed detention pond for the 61.17 acres, which will then be evaluated to determine the appropriate prorata share for the subject 9 acres to be included in the sales price to the partnership.

Sitework Cost:

The Applicant’s claimed sitework costs of $8,995 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 $180K or 2% higher than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant’s contractor’s and developer’s fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant’s total development cost is within 5% of the Underwriter’s estimate; therefore, the Applicant's cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $17,250,134 supports annual tax credits of $2,018,266 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 4/28/2009

Source: Brock Investment Group Type: **Interim Financing**

Principal: $450,000 Interest Rate: 7.0% ☐ Fixed Term: 15 months

Comments:

The Loan will accrue interest at the greater of seven percent (7%) or prime plus two percent (2%).

Source: Houston-Galveston Area Council (CDBG) Type: **Permanent Financing**

Principal: $2,250,000 Interest Rate: 1.0% ☐ Fixed Amort: 360 months

Comments:

The Applicant provided an intent to apply for the proposed funding at the terms reflected above. Any funding recommendation made in this report will be conditioned upon receipt, review and acceptance, by commitment, of a firm commitment from the Houston-Galveston Area Council for the requested CDBG funds.

Source: Chase Type: **Interim to Permanent Financing**

Interim: $8,750,000 Interest Rate: 7.00% ☐ Fixed Term: 24 months

Permanent: $3,100,000 Interest Rate: 8.00% ☑ Fixed Amort: 360 months

Comments:

Interim Rate Index: 1 month LIBOR + 650 bps or 7%; Permanent Rate Index: Fixed spread over 10 Yr Treasury. Current indicative of 8%

Source: RBC Capital Markets (Apollo) Type: **Syndication**

Proceeds: $14,398,560 Syndication Rate: 72% Anticipated HTC: $ 2,000,000

Comments:

Due to the recent volatility in credit pricing, it should be noted, a decrease in the credit pricing below $.6066 would place the financial feasibility of this development in jeopardy.

Amount: $424,387 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department’s maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to $3,470,447 based on the terms reflected in the application materials. As a result the development’s gap in financing will decrease.

The Applicant's total development cost estimate less the adjusted permanent loan of $3,470,447 and $2,250,000 in local funds indicates the need for $14,452,501 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $2,007,493 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant’s request ($2M), the gap-driven amount ($2,007,493), and eligible basis-derived estimate ($2,018,266), the Applicant's request of $2,000,000 is recommended resulting in proceeds of $14,398,560 based on a syndication rate of 72%.

The Underwriter’s recommended financing structure indicates the need for $53,941additional permanent funds, which appears to be repayable from cash flow within one year.

Underwriter:	*Diamond Unique Thompson*	Date:	July 24, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	July 24, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	July 24, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Mariposa at Keith Harrow, Houston , 9%/HTC #09281

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	WS&T
TC 30%	4	1	1	760	$358	$294	$1,176	$0.39	$64.00	$50.00
TC 50%	44	1	1	760	$598	$534	$23,496	$0.70	$64.00	$50.00
TC 60%	45	1	1	760	$717	$653	$29,385	$0.86	$64.00	$50.00
TC 30%	5	2	2	1,075	$431	$357	$1,785	$0.33	$74.00	$50.00
TC 50%	37	2	2	1,075	$717	$643	$23,791	$0.60	$74.00	$50.00
TC 60%	41	2	2	1,075	$861	$787	$32,267	$0.73	$74.00	$50.00
TC 60%	4	2	2	1,190	$861	$787	$3,148	$0.66	$74.00	$50.00
TOTAL:	180		**AVERAGE:**	915		$639	$115,048	$0.70	$68.83	$50.00

INCOME	Total Net Rentable Sq Ft:	164,665			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$1,380,576	$1,315,488	Harris	Houston	6
Secondary Income			Per Unit Per Month:	$15.00	32,400	20,364	$9.43	Per Unit Per Month	
Other Support Income:					0	12,036	$5.57	Per Unit Per Month	
POTENTIAL GROSS INCOME					$1,412,976	$1,347,888			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(105,973)	(101,088)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,307,003	$1,246,800			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.47%	$325	0.35	$58,411	$48,725	$0.30	$271	3.91%
Management		5.00%	363	0.40	65,350	62,340	0.38	346	5.00%
Payroll & Payroll Tax		13.63%	990	1.08	178,175	185,837	1.13	1,032	14.91%
Repairs & Maintenance		6.72%	488	0.53	87,803	72,000	0.44	400	5.77%
Utilities		2.84%	207	0.23	37,170	45,000	0.27	250	3.61%
Water, Sewer, & Trash		4.90%	356	0.39	64,025	68,400	0.42	380	5.49%
Property Insurance		4.41%	320	0.35	57,633	63,000	0.38	350	5.05%
Property Tax	2.94505	12.17%	884	0.97	159,033	162,000	0.98	900	12.99%
Reserve for Replacements		3.44%	250	0.27	45,000	45,000	0.27	250	3.61%
TDHCA Compliance Fees		0.55%	40	0.04	7,200	7,200	0.04	40	0.58%
Other: Supportive Services		1.31%	95	0.10	17,143	17,143	0.10	95	1.37%
TOTAL EXPENSES		59.44%	$4,316	$4.72	$776,943	$776,645	$4.72	$4,315	62.29%
NET OPERATING INC		40.56%	$2,945	$3.22	$530,060	$470,155	$2.86	$2,612	37.71%
DEBT SERVICE									
Chase		20.88%	$1,516	$1.66	$272,960	$264,155	$1.60	$1,468	21.19%
Harris County		6.64%	$482	$0.53	86,843	86,843	$0.53	$482	6.97%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		13.03%	$946	$1.03	$170,257	$119,157	$0.72	$662	9.56%
AGGREGATE DEBT COVERAGE RATIO					1.47	1.34			
RECOMMENDED DEBT COVERAGE RATIO					1.35				

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)		7.49%	$8,333	$9.11	$1,500,000	$1,500,000	$9.11	$8,333	7.44%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.08%	8,995	9.83	1,619,100	1,619,100	9.83	8,995	8.03%
Direct Construction		47.24%	52,560	57.45	9,460,765	9,641,075	58.55	53,562	47.79%
Contingency	5.00%	2.77%	3,078	3.36	553,993	563,009	3.42	3,128	2.79%
Contractor's Fees	14.00%	7.75%	8,618	9.42	1,551,181	1,576,423	9.57	8,758	7.81%
Indirect Construction		5.48%	6,095	6.66	1,097,150	1,097,150	6.66	6,095	5.44%
Ineligible Costs		5.96%	6,629	7.25	1,193,195	1,091,824	6.63	6,066	5.41%
Developer's Fees	15.00%	11.07%	12,321	13.47	2,217,832	2,250,017	13.66	12,500	11.15%
Interim Financing		2.51%	2,796	3.06	503,360	503,360	3.06	2,796	2.50%
Reserves		1.65%	1,839	2.01	330,990	330,990	2.01	1,839	1.64%
TOTAL COST		100.00%	$111,264	$121.63	$20,027,567	$20,172,948	$122.51	$112,072	100.00%
Construction Cost Recap		*65.83%*	***$73,250***	***$80.07***	***$13,185,039***	***$13,399,607***	***$81.37***	***$74,442***	*66.42%*

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Chase	15.48%	$17,222	$18.83	$3,100,000	$3,100,000	$3,470,447	Developer Fee Available
Harris County	11.23%	$12,500	$13.66	2,250,000	2,250,000	2,250,000	$2,250,017
RBC Capital Markets (Apollo)	71.89%	$79,992	$87.44	14,398,560	14,398,560	14,398,560	% of Dev. Fee Deferred
Deferred Developer Fees	2.12%	$2,358	$2.58	424,387	424,387	53,941	2%
Additional (Excess) Funds Req'd	-0.73%	($808)	($0.88)	(145,380)	1	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$20,027,567	$20,172,948	$20,172,948	$2,337,174

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.25	$9,097,357
Adjustments				
Exterior Wall Finish	0.00%		$0.00	$0
Elderly	3.00%		1.66	272,921
9-Ft. Ceilings	3.00%		1.66	272,921
Roofing			0.00	0
Subfloor			(0.81)	(132,830)
Floor Cover			2.38	391,903
Breezeways/Balconies	$22.95	41,715	5.81	957,359
Plumbing Fixtures	$835	261	1.32	217,935
Rough-ins	$410	360	0.90	147,600
Built-In Appliances	$1,800	180	1.97	324,000
Exterior Stairs	$1,875	16	0.18	30,000
Elevators	$34,700	3	0.63	104,100
Heating/Cooling			1.83	301,337
Garages	$37.94	8,000	1.84	303,520
Carports	$9.90	2,000	0.12	19,800
Comm &/or Aux Bldgs	$70.81	4,540	1.95	321,489
Other: fire sprinkler	$2.15	164,665	2.15	354,030
SUBTOTAL			78.85	12,983,441
Current Cost Multiplier	1.01		0.79	129,834
Local Multiplier	0.91		(7.10)	(1,168,510)
TOTAL DIRECT CONSTRUCTION COSTS			$72.54	$11,944,766
Plans, specs, survy, bld prm	3.90%		($2.83)	($465,846)
Interim Construction Interes	3.38%		(2.45)	(403,136)
Contractor's OH & Profit	11.50%		(8.34)	(1,373,648)
NET DIRECT CONSTRUCTION COSTS			$58.92	$9,702,136

PAYMENT COMPUTATION

Primary	$3,100,000	Amort	360
Int Rate	8.00%	DCR	1.94

Secondary	$2,250,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.47

Additional	$14,398,560	Amort	
Int Rate		Aggregate DCR	1.47

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$305,579
Secondary Debt Service	86,843
Additional Debt Service	0
NET CASH FLOW	$137,638

Primary	$3,470,447	Amort	360
Int Rate	8.00%	DCR	1.73

Secondary	$2,250,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.35

Additional	$14,398,560	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

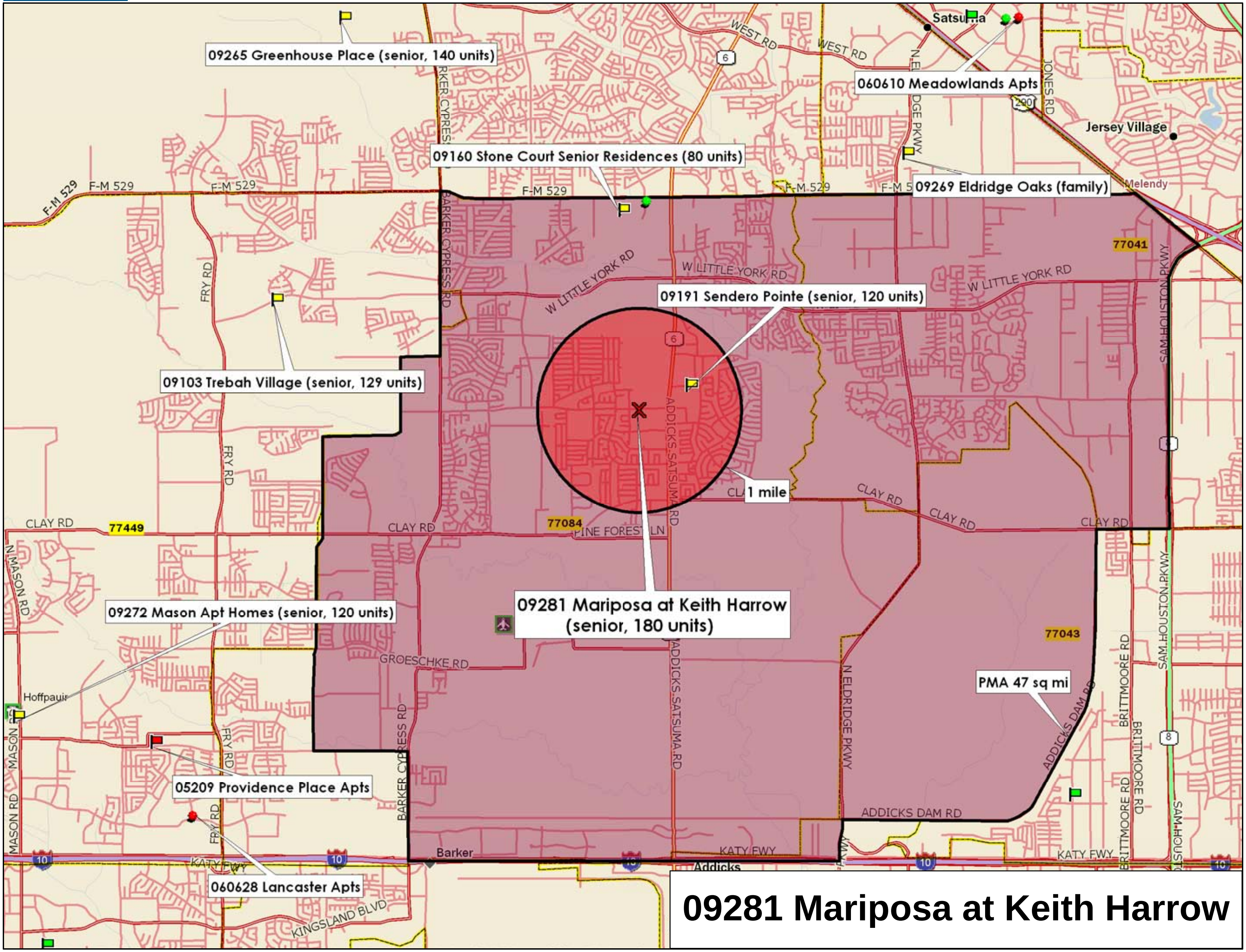
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,380,576	$1,408,188	$1,436,351	$1,465,078	$1,494,380	$1,649,916	$1,821,641	$2,011,239	$2,451,689
Secondary Income	32,400	33,048	33,709	34,383	35,071	38,721	42,751	47,201	57,537
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,412,976	1,441,236	1,470,060	1,499,461	1,529,451	1,688,637	1,864,392	2,058,439	2,509,226
Vacancy & Collection Loss	(105,973)	(108,093)	(110,255)	(112,460)	(114,709)	(126,648)	(139,829)	(154,383)	(188,192)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,307,003	$1,333,143	$1,359,806	$1,387,002	$1,414,742	$1,561,989	$1,724,562	$1,904,056	$2,321,034
EXPENSES at 3.00%									
General & Administrative	$58,411	$60,163	$61,968	$63,827	$65,742	$76,213	$88,352	$102,424	$137,649
Management	65,350	66,657	67,990	69,350	70,737	78,099	86,228	95,203	116,052
Payroll & Payroll Tax	178,175	183,521	189,026	194,697	200,538	232,478	269,506	312,431	419,882
Repairs & Maintenance	87,803	90,437	93,150	95,944	98,823	114,563	132,810	153,963	206,913
Utilities	37,170	38,285	39,434	40,617	41,835	48,498	56,223	65,178	87,594
Water, Sewer & Trash	64,025	65,946	67,925	69,962	72,061	83,539	96,844	112,269	150,880
Insurance	57,633	59,362	61,143	62,977	64,866	75,198	87,175	101,059	135,815
Property Tax	159,033	163,804	168,718	173,779	178,993	207,502	240,551	278,865	374,771
Reserve for Replacements	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other	24,343	25,073	25,825	26,600	27,398	31,762	36,821	42,686	57,366
TOTAL EXPENSES	$776,943	$799,598	$822,919	$846,927	$871,641	$1,006,567	$1,162,576	$1,342,985	$1,792,967
NET OPERATING INCOME	$530,060	$533,545	$536,887	$540,075	$543,101	$555,423	$561,986	$561,071	$528,067
DEBT SERVICE									
First Lien Financing	$305,579	$305,579	$305,579	$305,579	$305,579	$305,579	$305,579	$305,579	$305,579
Second Lien	86,843	86,843	86,843	86,843	86,843	86,843	86,843	86,843	86,843
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$137,638	$141,123	$144,465	$147,653	$150,679	$163,001	$169,565	$168,649	$135,645
DEBT COVERAGE RATIO	1.35	1.36	1.37	1.38	1.38	1.42	1.43	1.43	1.35

HTC ALLOCATION ANALYSIS -Mariposa at Keith Harrow, Houston , 9%/HTC #09281

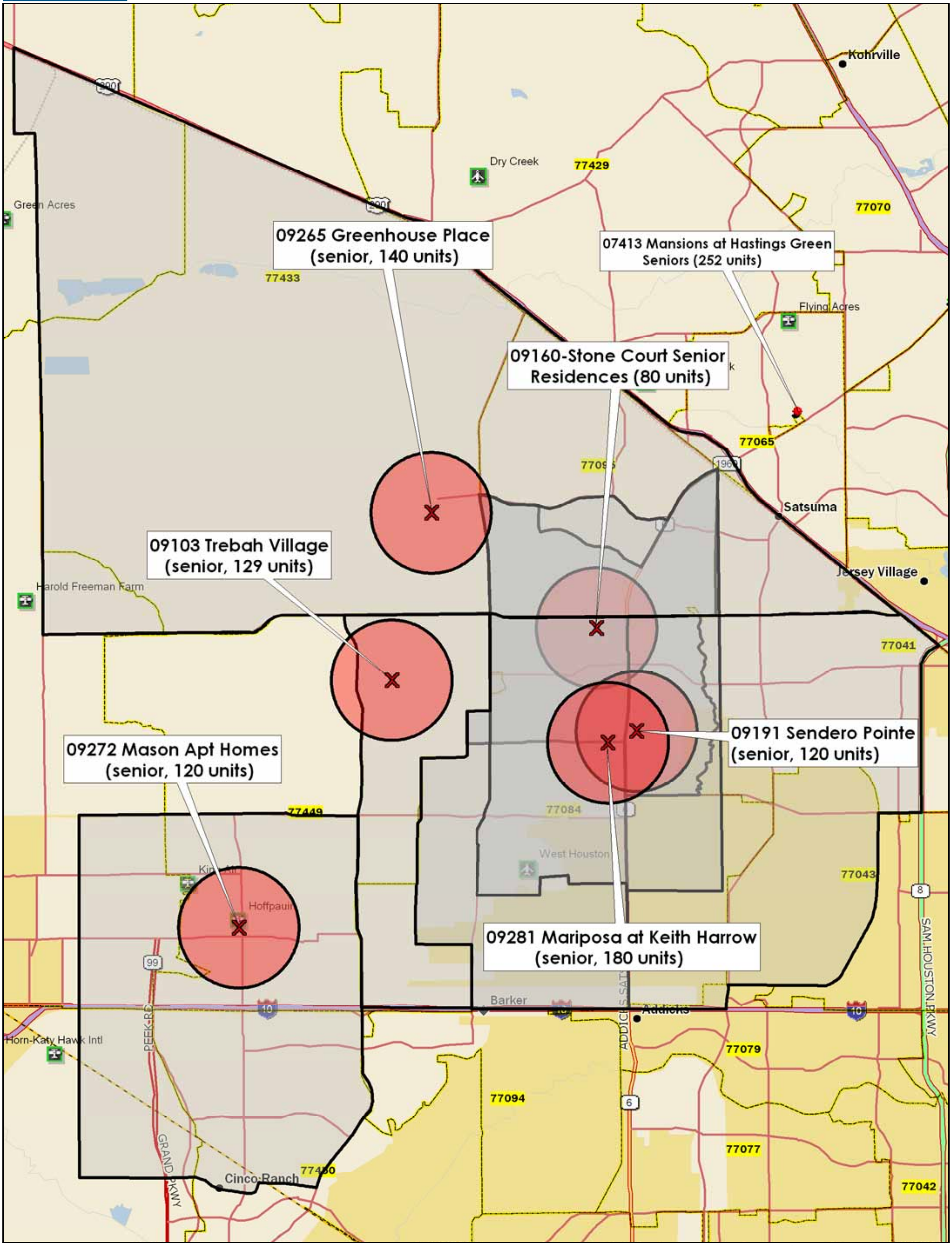
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,500,000	$1,500,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,619,100	$1,619,100	$1,619,100	$1,619,100
Construction Hard Costs	$9,641,075	$9,460,765	$9,641,075	$9,460,765
Contractor Fees	$1,576,423	$1,551,181	$1,576,423	$1,551,181
Contingencies	$563,009	$553,993	$563,009	$553,993
Eligible Indirect Fees	$1,097,150	$1,097,150	$1,097,150	$1,097,150
Eligible Financing Fees	$503,360	$503,360	$503,360	$503,360
All Ineligible Costs	$1,091,824	$1,193,195		
Developer Fees				
Developer Fees	$2,250,017	$2,217,832	$2,250,017	$2,217,832
Development Reserves	$330,990	$330,990		
TOTAL DEVELOPMENT COSTS	$20,172,948	$20,027,567	$17,250,134	$17,003,382

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		$17,250,134	$17,003,382
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$22,425,174	$22,104,396
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$22,425,174	$22,104,396
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$2,018,266	$1,989,396
Syndication Proceeds	**0.7199**	**$14,530,060**	**$14,322,216**
Total Tax Credits (Eligible Basis Method)		**$2,018,266**	**$1,989,396**
Syndication Proceeds		**$14,530,060**	**$14,322,216**
Requested Tax Credits		**$2,000,000**	
Syndication Proceeds		**$14,398,560**	
Gap of Syndication Proceeds Needed		**$14,452,501**	
Total Tax Credits (Gap Method)		**$2,007,493**	



09281 Mariposa at Keith Harrow

Scale 1 : 81,250
1" = 1.28 mi Data Zoom 11-3



TN
MN (3.7°E)

Scale 1 : 137,500
1" = 2.17 mi
Data Zoom 10-5

BOND FINANCE DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Approval of Senior Manager Team in conjunction with Underwriting Services and Co-Manager Team in conjunction with the sale of TDHCA's Single Family Mortgage Revenue Bonds commencing Fiscal Year 2010.

Required Action

Approval of Senior Manager Team in conjunction with Underwriting Services and Co-Manager Team in conjunction with the sale of TDHCA's Single Family Mortgage Revenue Bonds commencing Fiscal Year 2010.

Background

On July 30, 2009, the Board approved a Request for Proposal (RFP) to select four investment banking firms to provide single family bond underwriting services, as Senior Managers, along with eight investment banking firms as Co-Managers to provide marketing of single family bonds for TDHCA. The four firms selected for Senior Management in alphabetical order are George K. Baum & Company, J. P. Morgan Chase & Company, Morgan Keegan & Company, and Morgan Stanley. Staff recommends selecting these four firms for the role of Senior Manager.

Bond Finance staff along with staff from the Financial Services Division and Gary Machak, our Financial Advisor from RBC Capital Markets, scored and then ranked eleven firms for the position of Senior Manager and three firms for the position of Co-Manager based on criteria approved by TDHCA's Board at the July 30, 2009 board meeting. This working group scored the firms based on seven factors covering categories which included national presence, retail distribution capacity, institutional distribution capacity, single family housing finance experience, their firm's financial condition, performance and innovativeness. The table below ranks the top four firms in alphabetical order of eleven firms applying for the Senior Manager position.

Based on the results of our review, Staff recommends the Board approve the following four firms as TDHCA's Senior Managers for TDHCA's single family bond issues commencing Fiscal Year 2010:

Firm Name	Corporate Headquarters
George K. Baum & Company	Denver, Co
J. P. Morgan Chase & Company	New York, NY
Morgan Keegan & Company	Memphis, TN
Morgan Stanley	New York, NY

Based on the results of our review, Staff recommends the Board approve the following eight firms listed in alphabetical order as TDHCA's Co-Managers for TDHCA's single family bond issues commencing Fiscal Year 2010:

Firm Name	**Corporate Headquarters**
Bank of America/Merrill Lynch	Charlotte, NC
Citigroup Incorporated	New York, NY
Fidelity Capital	Boston, MA
First Southwest	Dallas, TX
Goldman Sachs Incorporated	New York, NY
Piper Jaffray	Minneapolis, MN
Ramirez & Company	New York, NY
Raymond James	St. Petersburg, FL

Recommendation

Approval of Senior Manager Team in conjunction with Underwriting Services and Co-Manager Team in conjunction with the sale of TDHCA's Single Family Mortgage Revenue Bonds commencing Fiscal Year 2010.

TEXAS HOMEOWNERSHIP DIVISION

BOARD ACTION REQUEST
SEPTEMBER 3, 2009

Action Items

Presentation, Discussion and Possible approval of a contract award for Master Servicer for the Single Family Mortgage Revenue Bond Program.

Required Action

Approve or deny a contract award to Bank of America Home Loans to serve as Master Servicer for the Single Family Mortgage Revenue Bond Program for a two-year term with three annual options to extend for an additional year.

Background and Recommendations

Summary

TDHCA's Single Family Mortgage Revenue Bond (MRB) Program channels low interest rate mortgage funds through participating lenders across the State to eligible borrowers who are purchasing a home for the first time or who have not owned a home in the past three years. In order to provide funds for the program, TDHCA generally issues MRB's several times a year. As the loans are originated and closed by the program's participating lenders, they are delivered to the trustee via the Master Servicer and purchased on the Department's behalf. The Master Servicer must service the mortgage loans in accordance with sound loan servicing practices and as required by the terms and conditions of a Program Administration and Servicing Agreement.

On May 21, 2009, the TDHCA Board approved staff's recommendation to publish a Request For Proposal for Master Servicer. The deadline for submission was July 1, 2009. Proposals were received from two servicers – Bank of America Home Loans and U.S. Bank Home Mortgage. Proposal were reviewed by TDHCA and evaluated based on the following criteria: service release premium, up front service release premium, fees charged per loan, internet services, overall servicing experience, and experience with down payment assistance programs and/or other unique services or experience offered by the respondent.

Based on favorable up front service release premium pricing, their Single Family MRB experience, significant retail participation in TDHCA MRB programs and their in-house file review and reporting capabilities, TDHCA staff recommends the selection of Bank of America Home Loans as Master Servicer. The effective date of the agreement will commence on the closing date of the first TDHCA Single Family MRB Program after October 14, 2009. Bank of America Home Loans is the current servicer of TDHCA's MRB Program, was named its lender of the year in 2007 with a majority of its loans made to low income and minority borrowers.

Recommendation

Staff requests Board approval of Bank of America Home Loans as Master Servicer for the Single Family Mortgage Revenue Bond Program for a two-year term with three annual options to extend for an additional year.

COMMUNITY AFFAIRS DIVISION

BOARD ACTION REQUEST

SEPTEMBER 3, 2009

Action Item

Presentation, Discussion and Possible Action on:

1) Updating on the Status of Awards for the PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) allocation of funding that were not approved on July 30;
2) Recommending an Award to West Texas Opportunities of PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) of funding that were not approved on July 30
3) Approval of the Revisions/Clarifications since the July 30 Board meeting; and
4) Authorization to submit a DOE Plan Amendment if appropriate reflecting changes under issues 2 and 3.

Required Action

Approve, deny or approve with modifications:

1) Status Update for the PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) allocation of funding that were not approved on July 30;
2) Recommendation to Award West Texas Opportunities PY 2009 Department of Energy American Recovery and Reinvestment Act (ARRA) Weatherization Assistance Program (WAP) funding that had been withheld on July 30;
3) Approval of Revisions/Clarifications to the allocation and use of funds since the July 30 Board meeting; and
4) Authorization to submit a DOE Plan Amendment if appropriate reflecting changes under issues 2 and 3.

Background

1. Status Update.

Of the funds available for award under the weatherization assistance program ("WAP") provided for in the American Recovery and Reinvestment Act of 2009, PL 111-5 ("ARRA"), $29,361,050 have not yet been awarded. These funds were anticipated under the DOE Plan prepared by staff, presented to and approved by the Board in April 2009, and submitted to and approved by the Department of Energy ("DOE"). These funds were identified to be directed to seven (7) members of the historic network of units of local government and non-profits (community action agencies) that have received and administered non-ARRA WAP funds. However, when the Board considered and took action to make awards at the July 30, 2009, Board meeting, these entities, enumerated below, were not given awards. The entities and the amounts that had been targeted to be distributed to them in the DOE Plan are as follows:

Existing Subrecipient	Counties	Gross Amount*
Community Action Corporation of South Texas	Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	$10,789,991
Community Services Agency of South Texas	Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	$3,561,625
Greater East Texas Community Action Program (noted as '19 Undetermined') in July 30 action)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	$5,724,797
South Plains Community Action Agency	Bailey, Cochran, Garza, Hockley Lamb, Lynn, Terry, Yoakum	$1,519,239
West Texas Opportunities	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Classcock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	$5,641,943
Caprock Community Action Agency	Crosby, Dickens, Floyd, Hale, King, Motley	$1,795,845
Institute for Rural Development	Duval	$327,610
	TOTAL	$29,361,050

*includes administrative funds

For the first five entities, these contracts were not awarded because material noncompliance was identified for each entity when the Department conducted previous participation reviews as required under TEX. GOV'T. CODE, §2306.057 AND 10 TAC §60.122. The last two listed were not given awards because they did not intend to receive ARRA WAP and therefore did not submit a completed application.

On August 18, 2009, representatives of DOE met with the Department about the ARRA WAP. They indicated that they supported, at the staff level, the continuing utilization of the existing network of WAP providers for the ARRA WAP funds. They indicated a belief that not proceeding with the administration of these WAP funds via members of the existing network might implicate DOE de-funding rules. Our General Counsel expressed that the seven had not yet received awards, and, therefore, the DOE de-funding rules ought not apply. He has not yet been successful in reaching the DOE counsel to discuss the matter.

In light of these contentions being raised by DOE, it is recommended that any final action on the awarding of these four entities with noncompliance issues, or efforts to procure alternative providers for the four as well as the additional two non-applicants, be held until we have a clear picture of the requirements for the distribution of these funds. As part of the DOE discussions we also have questions as to what alternative methods of distribution can be used.

The providers of WAP services throughout the state have significant non-ARRA WAP funds with which to continue weatherization activities until these matters are resolved. Further while we are anxious to distribute these funds, we do have a window until April of 2012 to utilize these funds for weatherization. As these issues with DOE are definitively resolved, staff will be in a position to recommend any further amendments to the DOE WAP plan and to proceed with any necessary procurement. It is believed that the planned expenditure of these ARRA WAP funds within two years can still be accommodated once these funds are directed to the ultimate provider(s).

2. Recommendation for West Texas Opportunities (WTO)

As cited on July 30, removal of one specified Board member of the organization would allow WTO to have resolved their compliance issues and be fully eligible for funding. WTO has indeed removed the Board member and they are eligible to receive funds. Staff is recommending that WTO be awarded the full award amount noted above, $5,641,943, to be contracted initially at 50% consistent with the methodology applied to all other recipients.

3. Revisions/Clarifications from the July 30 Board meeting

In the July 30 Board materials, staff recommended approval of WAP ARRA awards in their full amount, with authorization to contract for 50% of each award and permission to fund the balance of each awards upon DOE release of additional funds. Several items of clarification are noted below.

- ❖ The July 30 Board action item recommended funds for the existing network totaling $187,496,028. Funds for Institute for Rural Development ($327,610), an existing provider choosing not to apply for funds, were excluded in error. The accurate figure for areas served by the existing network is revised to $187,823,638; the total amount recommended across all recipient entities is revised to $291,372,341. The total of pending awards noted above, $29,361,050, is included in these figures.
- ❖ The DOE Plan, as approved, included $8,133,762 for Subgrantee Training and Technical Assistance (T&TA). However the July 30 Board action item did not note that contracts for Subgrantees will include, in addition to the award amount noted, proportional funds to each entity for T&TA. As with the program funds, Subgrantees will have access to 50% of those funds at this time.
- ❖ The DOE Plan, as approved, included $13,119,661 for Grantee T&TA which includes funds for the Training Academy. However the July 30 Board action item – which was focused on Subgrantee awards – inadvertently was silent on Grantee T&TA. Up to 50% of the DOE approved amount will be accessed by the Department for Grantee T&TA needs which includes funds for the Training Academy.
- ❖ The DOE Plan, as approved, included $16,348,787 for Grantee Administration. That amount was reduced with July 30 Board action by transferring $1,998,820 from Grantee Administration to the Competitive awards, leaving a balance of $14,349,967. Up to 50% of the DOE approved amount will be accessed by the Department for Grantee Administration.
- ❖ Reflection of the initial use of the first 50% of DOE approved funds is as noted in the table below:

Corrected Submission to Board September 3	
	Initial 50% DOE Allocation (163,487,866) Corrected Amounts*
Existing Network	$ 93,748,014
Funds for Duval County (IRD)	$ 163,805
Total Existing Network	**$ 93,911,819**
Cities	$ 47,024,942
Competitive	$ 4,749,410
(Figures include Subgrantee Admin)	**$ 145,686,171**
Grantee Administration	$ 7,174,984
Subgrantee T&TA	$ 4,066,881
Grantee T&TA	$ 6,559,831
Amount to Be Approved	**$ 163,487,866**
Less Network Pending Area Awards	$ (14,680,525)
Total Less RFP Counties	*$ 148,807,341*

*These amounts reflect 50% of the Full Amount Corrected Totals

4. Submission of Amended Plan

After the Department met with DOE, we believe that some of the above clarifications may require technical correction submissions to reflect the current activities of the Department in the Plan. The Board has been made aware of these issues, but as we get clarification of what DOE may warrant being submitted as a Plan amendment, staff would like to correct the Plan to be consistent with the Department's actions if approved by the Board and required by DOE.

<u>Recommendation</u>

Staff recommends: 1) approval of the award for West Texas Opportunities, 2) approval of the clarifications to the July 30 Board action, and 3) to the extent a DOE Plan Amendment for the issues in this Board action are required, staff also recommends approval for staff to submit a DOE Plan Amendment.

Housing Resource Center

BOARD ACTION REQUEST

September 3, 2009

Action Items

Presentation, Discussion and Possible Approval of the *2010-2014 State of Texas Consolidated Plan (Draft for Public Comment).*

Requested Action

Approval of release for public comment of the *2010-2014 State of Texas Consolidated Plan (Draft for Public Comment).*

Background

The Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Rural Development (TDRA), and Department of State Health Services (DSHS) prepare the *2010-2014 State of Texas Consolidated Plan (Draft for Public Comment)* (Plan) in accordance with 24 CFR Part 91. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents although two of the programs addressed in the documents are administered through other state agencies. The Plan covers the State's administration of the Community Development Block Grant Program (CDBG) by TDRA, the Housing Opportunities for Persons with AIDS Program (HOPWA) by DSHS, and the Emergency Shelter Grants (ESG) Program and the HOME Investment Partnerships Program by TDHCA. Note that the CDBG Disaster funds are not included in this Plan.

The Plan includes the following elements:

- Housing and homeless needs assessment and housing market analysis;
- Strategic plan including allocation priorities, obstacles to meeting underserved needs, general priorities and objectives, and strategies for achieving identified objectives;
- One-year action plans for the four programs (CDBG, ESGP, HOME and HOPWA); and
- Sections on monitoring, certifications, and public participation.

The Plan will be made available for public comment from September 18, 2009 through October 19, 2009. Comment will be accepted in writing directly to the Department or at six public hearings across the state including Austin, Dallas, Houston, El Paso, Lubbock and Harlingen. Staff requests approval to make minor edits and update sections in the Housing Market Analysis (including age of housing stock, size distribution of housing units and number of renter and owner units) with current information as available during the public comment process. The final version of the Plan will be presented to the Board in November and is due to HUD by December 15, 2009.

Summary of significant changes in the Plan for the HOME and ESG programs:

- Updated to reflect changes to 24 CFR Part 91 including descriptions of programs for chronically homeless, needs of public housing, and coordination of housing programs with other programs.
- HOME One-Year Action Plan: Updated program performance numbers, removed CHDO set-aside for colonias, proposed a pilot loan reservation system, and removed specific allocations by activity for persons with disabilities set-aside to now be provided in the NOFA.
- ESG One-Year Action Plan: Updated program performance numbers.
- Updated housing and homeless needs assessment information.

Recommendation

Staff recommends approval of the *2010-1014 State of Texas Consolidated Plan (Draft for Public Comment).*

2010-2014 State of Texas Consolidated Plan

(Draft for Public Comment)

Texas Department of Housing and Community Affairs
August 2009

EXECUTIVE SUMMARY

The 2010–2014 State of Texas Consolidated Plan (Plan) covers four HUD-funded programs: the Community Development Block Grant Program (CDBG) the HOME Investment Partnerships (HOME) Program, the Emergency Shelter Grants Program (ESGP), and the Housing Opportunities for Persons with AIDS (HOPWA) Program. The Texas Department of Housing and Community Affairs, the Texas Department of Rural Affairs, and the Texas Department of State Health Services have collaborated to complete the Plan.

OBJECTIVES AND OUTCOMES

The State's progress in achieving the goals put forth in the Consolidated Plan is measured according to HUD guidelines (24 CFR 91.520) and outlined in the 2009 Annual Performance Report.

The Consolidated Plan describes activities that have the objectives and outcomes as follows:

	OUTCOME 1 Accessibility	**OUTCOME 2** Affordability	**OUTCOME 3** Sustainability
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility (**SL-1**)	Enhance Suitable Living Environment Through Improved/New Affordability (**SL-2**)	Enhance Suitable Living Environment Through Improved/New Sustainability (**SL-3**)
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability (**DH-1**)	Create Decent Housing with Improved/New Affordability (**DH-2**)	Create Decent Housing with Improved/New Sustainability (**DH-3**)
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility (**EO-1**)	Provide Economic Opportunity Through Improved/New Affordability (**EO-2**)	Provide Economic Opportunity Through Improved/New Sustainability (**EO-3**)

The objectives and outcomes as they apply to each of the four programs are listed below. For associated performance measure numbers, see the Strategic Plan section of this document.

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators
DH-2	No. of rental units assisted through new construction and rehabilitation
DH-2	No. of tenant-based rental assistance units
DH-2	No. of existing homeowners assisted through owner-occupied assistance
DH-2	No. of first-time homeowners assisted through homebuyer assistance

ESGP Performance Measures

Outcomes and Objectives	Performance Indicators
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons
DH-2	The provision of non-residential services including homelessness prevention assistance

CDBG Performance Measures

Objectives and Outcomes	Performance Indicators
SL-1	Neighborhood Facilities
SL-1	Water/Sewer Improvements
SL-2	Water/Sewer Improvements
SL-3	Water/Sewer Improvements
SL-1	Street Improvements
SL-2	Street Improvements
SL-3	Street Improvements
SL-1	Rehabilitation; Single Unit Residential
DH-2	Rehabilitation; Single Unit Residential
DH-3	Rehabilitation; Single Unit Residential
DH-2	Homeownership Assistance
SL-1	Parks, Playgrounds, and Other Recreational Facilities
SL-1	Public Service
SL-1	Other Public Utilities
EO-3	Other Public Utilities
SL-1	Clearance Demolition Activities
SL-3	Clearance Demolition Activities
SL-1	Fire Stations/Equipment
EO-1	ED Direct Financial Assistance for For-Profits
EO-2	ED Direct Financial Assistance for For-Profits

HOPWA Performance Measures

Outcomes and Objectives	Performance Indicators
DH-2	Households served by tenant based rental assistance
DH-2	Households served by short-term rent, mortgage, and utility assistance
DH-2	Households served by tenant based rental assistance and short-term rent, mortgage, and utility assistance

EVALUATION OF PAST PERFORMANCE

The HOME Program committed $31,867,373 with 1,302 total beneficiaries reported in PY 2008 (February 1, 2008, through January 31, 2009). Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2008

Activity	Amount
Homebuyer Assistance (all activities)	$4,076,177
Owner Occupied Housing Assistance	$17,880,532
Tenant Based Rental Assistance	$2,388,020
CHDO Rental Development	$3,750,573
CHDO Operating Expenses	$75,000
Rental Housing Development	$3,697,071
Total	$31,867,373

ESGP funds received for PY 2008 were awarded in May 2008. The State ESGP contracts using PY 2008 funds began on September 1, 2008, and will end August 31, 2009, corresponding with the Texas State Fiscal Year (FY). For PY 2008, ESGP expended $5,695,510 through 78 grants, including shared administrative funds.

PY 2008 ESGP Fund Expenditures by Activity

(FY'07 2/1/08-8/31/08 and FY'08 9/1/08-1/31/09)

	Funding Amount	Percentage
Rehabilitation	$6,520	.11%
Maintenance, Operations	$2,395,121	42.05%
Essential Services	$1,299,178	22.82%
Homeless Prevention	$1,644,858	28.88%
Operations Administration	$331,615	5.82%
Administration shared w/local govts	$18,218	.32%
Total Funds Committed	**$5,695,510**	

**Includes ESG expenditures from two contract periods, FY 2007 and FY 2008*

During Program Year 2008, the Texas CDBG Program committed a total of $86,831,666 through 328 awarded contracts. For contracts that were awarded in PY 2008, 858,021 persons received service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY 2008

Fund	Program Description	2008 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	$30,555,382
Community Development Supplemental Fund	Allocates additional funds among the 24 state planning regions using a different allocation formula. Same application and purposes as the Community Development Fund.	16,421,690
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	7,982,650
Colonia Construction Fund	Provides grants for colonia projects; primarily water, sewer and housing.	5,270,000
Colonia EDAP Fund	Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	1,905,000
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans. Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	155,000
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	3,600,000
Non-Border Colonia	This fund is available on a biennial basis to eligible county applicants for primarily water and sewer projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and within non-entitlement counties.	728,403
Planning / Capacity Building	Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.	654,920

Fund	Program Description	2008 Total Obligation
Disaster Relief/ Urgent Need	Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and Urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	14,343,789
STEP Fund	Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	3,526,118
Renewable Energy Demonstration Pilot Program	Provides grants to cities and counties for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy). The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water.	988,714
Rural Health Pilot Project	Pilot program to provide access to health cares services.	500,000
Micro-Enterprise Loan Fund	Provides a tool for rural communities to assist their very small businesses (5 or fewer employees) access capital.	200,000
Total		**$86,831,666**

The HOPWA Program expended $2,887,535 with 2,341 beneficiaries of housing assistance reported in PY 2008. Funds were used toward tenant-based rental assistance and emergency assistance to prevent homelessness of low-income persons with HIV/AIDS. Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 2008

Activity	Amount
Expenditures for Housing Information Services	$0
Expenditures for Resource Identification	$0
Expenditures for Housing Assistance (equals the sum of all sites and scattered-site Housing Assistance)	$2,337,316
Expenditures for Supportive Services	$352,420
Grantee Administrative Costs expended	$46,419
Project Sponsor(s) Administrative Costs expended	$151,380
Total of HOPWA funds expended during period	**$2,887,535**

CONSULTATION AND PUBLIC PARTICIPATION

The 2010-2014 State of Texas Consolidated Plan will have a 31 day public comment period from September 18th to October 19th, 2009. To ensure that citizens will be given the opportunity to comment on the draft version of the plan, TDHCA will hold six hearings across the state. Constituents are encouraged to give input regarding all Department programs in writing or at one of the public hearings held across the state.

The Department makes an effort to collaborate with a diverse cross-section of the public in order to meet the various affordable housing needs of Texans. The Department collaborates with government bodies, non-profits, and community and faith-based groups.

INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA or the Department) administers the ESGP and HOME Program; the Texas Department of Rural Affairs (TDRA) administers CDBG; and the Texas Department of State Health Services (DSHS) administers the HOPWA Program. All of these programs are covered in the 2010-2014 State of Texas Consolidated Plan (Plan). TDHCA is the entity responsible for overseeing the development of the Plan.

KEY ORGANIZATIONAL EVENTS

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. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant and Local Government Services programs were transferred from TDHCA to the newly-created Office of Rural Community Affairs, now called the Texas Department of Rural Affairs (TDRA). However TDHCA, through an interagency contract with TDRA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. The Department of State Health Services administers the Housing Opportunities for Persons With AIDS (HOWPA).

With the exception of the Section 8 Housing Choice Voucher Program, TDHCA administers its programs and services through a network of organizations across Texas and does not fund individuals directly. These organizations include units of local government, nonprofit organizations, for-profit organizations, Public Housing Authorities and Community Housing Development Organizations.

The Department's programs are grouped into the following divisions:

- Multifamily Finance Production Division
- Texas Homeownership Division
- HOME Investment Partnership Program Division
- Housing Trust Fund Division
- Office of Colonia Initiatives
- Disaster Recovery Division
- Community Affairs Division
- Neighborhood Stabilization Program Division

Additionally, there are several Divisions within TDHCA which are involved in the administration of the agency as a whole but which do not administer specific programs. These include:

- Division of Policy and Public Affairs
- Housing Resource Center
- Real Estate Analysis
- Compliance and Asset Oversight
- Administrative Support
- Bond Finance

- Financial Administration
- Information Systems
- Internal Audit
- Legal Services

CONSULTATION WITH OTHER ENTITIES

Before preparing the Plan, the Texas Department of Housing and Community Affairs, the Texas Department of Rural Affairs, and the Texas Department of State Health Services meet with various organizations concerning the prioritization and allocation of the Departments' resources. Because this is a working document, all forms of public input are taken into account in its preparation.

Collaborative efforts between TDHCA and numerous organizations resulted in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. TDHCA acknowledges the assistance provided by the organizations listed below to assist the Department in working towards reaching its mission, goals, and objectives, which relate directly to the formation of the Consolidated Plan. These contributions were made in various forms, from direct contact at conferences and remotely to availability of research materials on the Internet.

- American Association of Retired Persons
- Center for Disease Control National AIDS Hotline
- Community Resource Coordination Groups
- Community Resource Coordination Groups
- Enterprise Foundation
- Federal Reserve Bank of Dallas
- Legislative Budget Board/GOBP
- Local community action agencies
- Local councils of governments
- Local housing finance corporations
- Local nonprofit organizations
- National and local private lenders
- National Center for Farmworker Health Inc.
- National Center for Victims of Crime
- National Coalition for the Homeless
- National Coalition for Homeless Veterans
- National Council of State Housing Agencies
- National Domestic Violence Hotline
- National Housing Council
- National Lead Information Clearinghouse
- National Low Income Housing Coalition
- National Safety Council
- Neighborhood Reinvestment Corporation
- Texas Department of Rural Affairs
- Rural Rental Housing Association of Texas
- Technical Assistance Collaborative
- Texas A&M Real Estate Center
- Texas A&M Center for Housing and Urban Development
- Texas Affiliation of Affordable Housing Providers
- Texas Association of Community Development Corporations
- Texas Association of Local Housing Finance Agencies
- Texas Association of Regional Councils
- Texas Bond Review Board
- Texas Commission for the Blind
- Texas Council for Developmental Disabilities
- Texas Council on Family Violence
- Texas Department of Assistive and Rehabilitative Services
- Texas Department of State Health Services
- Texas Department of Human Services
- Texas Department of Mental Health and Mental Retardation
- Texas Department on Aging

- Texas Home of Your Own Coalition
- Texas Homeless Network
- Texas Interagency Council for the Homeless
- Texas House Committee on Urban Affairs
- Texas House Committee on Appropriations
- Texas House Committee on Border and International Affairs
- Texas House Committee on Financial Institutions
- Texas Senate Committee on Intergovernmental Relations
- Texas Senate Committee on International Relations and Trade
- Texas Low Income Information Service
- Texas Office of the Credit Commissioner
- Texas Public Housing Authorities
- Texas residents who testified at public hearings and roundtables and submitted written comment
- Texas State Affordable Housing Corporation
- Texas State Data Centers
- Texas Workforce Commission
- The Urban Institute
- United Cerebral Palsy of Texas
- US Department of Agriculture
- US Department of Energy
- US Department of Housing and Urban Development
- US Department of Labor
- US Department of Veterans Affairs

The Texas Department of State Health Services contracts with eight administrative agencies across the state to provide administrative support in implementing the state's HOPWA formula program. One of the Administrative Agencies' responsibilities is to work with HIV Planning councils in the major metropolitan areas of the state and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services plans and needs assessments. In both the major metropolitan and other areas of the state, HIV Services Plans and needs assessments are developed through consultation with clients and other stakeholders through interviews, focus groups, and public hearings. Administrative Agencies must communicate with stakeholders through dissemination of written copies of services plans, posting of the plans on the Internet, town hall meetings, and advisory groups. Administrative Agencies are also required to evaluate the effectiveness of the services plans in meeting the plans' stated goals and identified needs and to periodically assess the need for reallocation of resources to assure the efficient and appropriate expenditure of funds.

The Texas Department of Rural Affairs has had a good working relationship with HUD, state program committees, state agencies, federal funding partners, local communities, Councils of Governments (COGs), public and private sector, and others involved in the CDBG program. Through public hearings, application workshops, technical assistance visits, monitoring visits, interagency work groups, and general communications, TDRA has worked to keep the public aware of program modifications and changes.

The Texas Department of Agriculture administers the Texas Capital Fund under a memorandum of understanding. The agency coordinates activities including the public hearings on the Action Plan, a project Implementation Manual that contains the Texas Capital Fund, and presentations to the TDRA Board.

TDRA also works with a variety of other programs through several interagency workgroups. Workgroups focusing on state and federal funding coordination state-wide and in the colonias include the Texas

Water Development Board (TWDB), the Secretary of State's Office, the U.S. Department of Agriculture's Rural Development division, the North American Development Bank & Border Environment Cooperation Commission, the Comptroller's Office, the Attorney General's Office, the Texas Commission on Environmental Quality (TCEQ), the U.S. Army Corps of Engineers, and TDHCA. Further, the division and TCEQ is currently working on a process in which TCEQ field representatives help verify new service to Texas CDBG Program project beneficiaries when first-time water or sewer is funded.

The following agency heads or their designees meet with TDRA to discuss rural issues and to provide information showing the impact each agency has on rural communities for use in developing rural policy and compiling the annual Status of Rural Texas report:

- the Commissioner of Agriculture
- the Executive Director of the Public Utility Commission of Texas
- the Director of the Texas Agricultural Extension Service
- the Presiding Officer of the Telecommunications Infrastructure Fund Board
- the Executive Director of the Texas Department of Housing and Community Affairs
- the Commissioner of the Department of State Health Services
- the Executive Administrator of the Texas Water Development Board
- the Executive Director of the Parks and Wildlife Department
- the Commissioner of Higher Education
- the Comptroller
- the Executive Director of the Texas Department of Transportation
- the Executive Director of the Texas Commission on Environmental Quality
- the Executive Director of the Texas Economic Development and Tourism Office
- the Commissioner of Insurance
- the Commissioner of the Department of Aging and Disability Services
- the Commissioner of Education
- the Executive Commissioner of the Health and Human Services Commission
- the Executive Director of the Texas Workforce Commission
- the Executive Director of the Texas Historical Commission
- a member of the Railroad Commission of Texas
- the Executive Director of the State Soil and Water Conservation Board
- the Executive Director of the Texas Department of Rural Affairs
- the head of any other agency interested in rural issues
- a representative from the entity that provides mediation services to the state under 7 U.S.C. Section 5102 as designated by the governor

Several issues related to the Texas Department of Housing and Community Affairs are reviewed by various legislative interim committees. Below is a listing of those committees and the charges that directly related to TDHCA during the 80th Texas Legislature, Interim. Please note that both TDHCA and the general public were invited to testify on these issues. The testimony received was taken into account in the development of this plan. In addition, during the 81st Texas Legislature Session, the following committees took public testimony on major bills affecting TDHCA or its budget:

- House Committee on Urban Affairs

- House Committee on Appropriations
- House Committee on Licensing and Administrative Procedures
- House Committee on Financial Institution
- House Committee on Human Services
- House Select Committee on Federal Economic Stabilization Funding
- Senate Committee on Intergovernmental Relations
- Senate Committee on Finance
- Senate Committee on Business and Commerce
- Senate Committee on Heath and Human Services

80TH TEXAS LEGISLATURE, INTERIM CHARGES	
COMMITTEE	**CHARGES DIRECTLY RELATED TO TDHCA**
House Committee on Urban Affairs	o Oversight committee o Assess the current senior housing market and available options for affordable senior housing Study and evaluate the levels, methods and alternatives by which the state funds all affordable housing programs, focusing on administrative cost-effectiveness to determine greater returns on investment, savings and efficiency. Examine the current procedures and applications of the annual, integrated Low Income Housing Plan prepared by the Texas Department of Housing and Community Affairs, and prepare recommendations for the development of a comprehensive, long-range, statewide plan or model to address growing needs throughout the state. o Monitor current methodology involving departmental rules, procedures and policies governing state and federal compliance in the evaluation and ranking of all multifamily affordable housing applications for the allocation of funds during the annual awards cycles. o Examine the development and implementation of a physical standards (asset oversight) rating system for multifamily residential rental facilities, to be used by all local and state issuers of tax-exempt bonds and tax credits, to determine eligibility for future financing and for compliance enforcement purposes o Examine the policies and procedures by which local tax appraisers value rent-restricted affordable housing properties, and authorize legislatively established tax exemptions. Evaluate application and interpretation of existing statutes by local appraisal districts to affordable housing properties throughout the life cycle of developments. Make recommendations for statutory changes. (Joint Interim Charge with the House Committee on Local Government Ways and Means)
House Committee on Appropriations	o As an oversight of all state agencies, assess all performance measures, operating budgets, budget transfers, and changes in full-time equivalents, major contracts, litigation, and debt financing, including assessing all rider provisions and evaluating budget

80TH TEXAS LEGISLATURE, INTERIM CHARGES	
COMMITTEE	**CHARGES DIRECTLY RELATED TO TDHCA**
	structure effectiveness.
House Committee on Financial Institutions	o Monitor federal rules and regulations on lending and determine the state's role in regulating issues that relate to the mortgage foreclosure process, disclosures for loan terms, home equity, mortgage brokers, mortgage bankers, and consumers. o Monitor the implementation of HB 716, 80th Legislature, Regular Session, to determine if there is a need to further legislate the protection of homebuyers in mortgage fraud schemes, emphasizing the impact in the foreclosure process protections, and counseling for mortgage products.
Senate Committee on Intergovernmental Relations	o Oversight Committee o Increasing the effectiveness of the Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) Program. Examine potential rule changes to the HTC Program's Qualified Allocation Plan to give owners of mixed-income projects seeking low-income housing credits the same opportunity to receive credits that low-income projects have, thus helping cities address the problem of a lack of adequate quality affordable housing while enhancing central city revitalization o Significantly improving homeownership rates by evaluating Texas' efforts to address the growing housing need. Efforts should include assessment of the range of tools which may be used to help low income Texans develop equity through homeownership. Tools should be evaluated in terms of their economic development impact, leverage of federal and private funds, and how they are utilized in other states. o Evaluate the progress of affordable housing programs within the state and developing recommendations to boost the capacity of non profits to build increased affordable housing developments o Monitor the expansion of the Housing Trust Fund by the 80th Legislature; review the funds of other states to develop recommendations for a permanent funding source for the Texas Housing Trust Fund. o Assessing the existing use of state and federal housing funds in relation to statutory and budgetary mandates. o Examine the incidence of health and safety violations and concerns for general habitability among multi-family and single-family rental properties across the state, including properties financed or supported by the state. Consider the adequacy of the existing authority conferred by the state upon local governments to address violations of habitability standards. Make recommendations for extension of local capacity for redress.

80TH TEXAS LEGISLATURE, INTERIM CHARGES	
COMMITTEE	**CHARGES DIRECTLY RELATED TO TDHCA**
Senate Committee on International Relations and Trade	o **Review state and local policies relating to development and growth in rural and unincorporated regions of the state. Work with housing advocates, county organizations and appropriate officials to assess the proliferation of substandard housing in rural and unincorporated areas** o **Develop recommendations to better provide Border and rural communities access to state and federal resources. Review the programs established by different states and recommend initiatives that Texas can enact to increase the competitiveness of these communities, engender critical development, provide affordable housing, identify community assets, retain/create wealth and create regional jobs. Study and make recommendations to expand business opportunities in international markets for businesses located in economically distressed areas, including rural and Border areas**
Senate Committee on Finance	o **Provide effective budget oversight of state agencies to ensure that monies appropriated are spent wisely.**

HOUSING AND HOMELESS NEEDS ASSESSMENT

§ 91.305 Housing and homeless needs assessment.

(a) General. The consolidated plan must provide a concise summary of the state's estimated housing needs projected for the ensuing five-year period. Housing data included in this portion of the plan shall be based on U.S. Census data, as provided by HUD, as updated by any properly conducted local study, or any other reliable source that the state clearly identifies and should reflect the consultation with social service agencies and other entities conducted in accordance with Sec. 91.110 and the citizen participation process conducted in accordance with Sec. 91.115. For a state seeking funding under the HOPWA program, the needs described for housing and supportive services must address the unmet needs of low-income persons with HIV/AIDS and their families in areas outside of eligible metropolitan statistical areas.

(b) Categories of persons affected.

(1) The plan shall estimate the number and type of families in need of housing assistance for extremely low-income, low-income, moderate-income, and middle-income families, for renters and owners, for elderly persons, for single persons, for large families, for persons with HIV/AIDS and their families, and for persons with disabilities. The description of housing needs shall include a concise summary of the cost burden and severe cost burden, overcrowding (especially for large families), and substandard housing conditions being experienced by extremely low-income, low-income, moderate-income, and middle-income renters and owners compared to the state as a whole. (The state must define in its consolidated plan the terms ``standard condition'' and ``substandard condition but suitable for rehabilitation.'')

(2) For any of the income categories enumerated in paragraph(b)(1)of this section, to the extent that any racial or ethnic group has disproportionately greater need in comparison to the needs of that category as a whole, assessment of that specific need shall be included.

For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group in a category of need is at least 10 percentage points higher than the percentage of persons in the category as a whole.

(c) Homeless needs. The plan must provide a concise summary of the nature and extent of homelessness (including rural homelessness and chronically homeless persons) within the state, addressing separately the need for facilities and services for homeless individuals and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with a table prescribed by HUD.

This description must include the characteristics and needs of low-income individuals and families with children (especially extremely low-income) who are currently housed but threatened with homelessness. The plan also must contain a brief narrative description of the nature and extent of homelessness by racial and ethnic group, to the extent information is available.

(d) Other special needs.

(1) The State shall estimate, to the extent practicable, the number of persons who are not homeless but require supportive housing, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and any other categories the State may specify, and describe their supportive housing needs.

(2) With respect to a State seeking assistance under the HOPWA program, the plan must identify the size and characteristics of the population with HIV/AIDS and their families within the area it will serve.

(e) Lead-based paint hazards. The plan must estimate the number of housing units within the State that are occupied by low-income families or moderate-income families that contain lead-based paint hazards, as defined in this part.

(Approved by the Office of Management and Budget under control number 2506-0117)

[60 FR 1896, Jan. 5, 1995, as amended at 61 FR 51760, Oct. 3, 1996; 71 FR 6967, Feb. 9, 2006]

CATEGORIES OF PERSONS AFFECTED

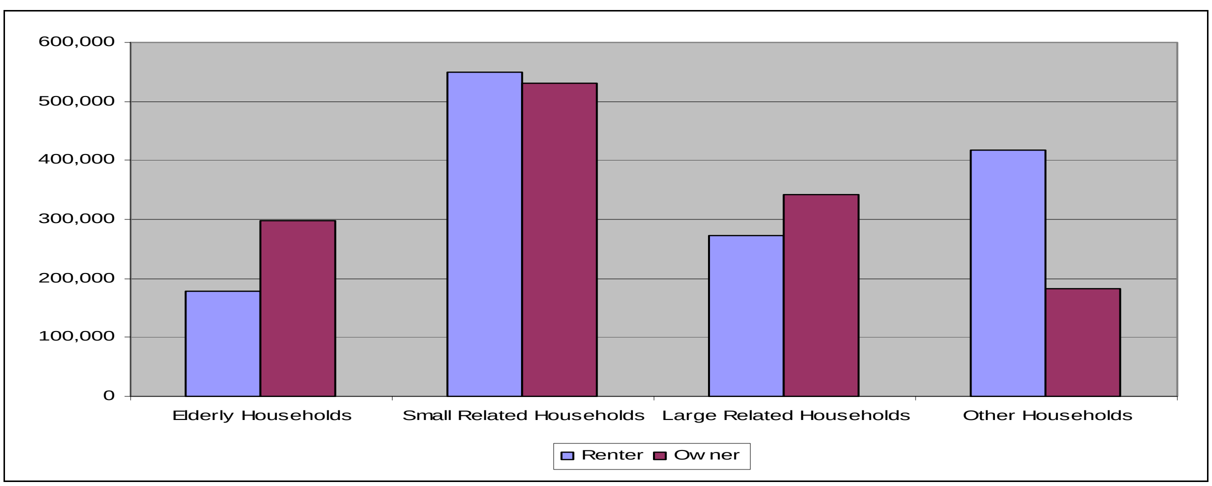
HOUSEHOLDS BY INCOME GROUP AND HOUSEHOLD TYPE

Figure 1.1 shows the estimated households in the State of Texas in need of housing assistance by household type. This figure is based on data from the 2000 CHAS Database projected to 2009 using HISTA data. To update the figures, the percentage population change from HISTA data was applied to the 2000 CHAS data. HISTA data is a four-way cross tabulation of household data built by a demographic data provider and made available for purchase from Ribbon Demographics. The Department purchased 2009 and 2014 population projections from Ribbon Demographics during the summer of 2009. The summary indicator of housing need for the CHAS database is the share of households with one or more housing problems, which includes households with any of the following three problems: (1) excessive housing cost burden (greater than 30 percent of income), (2) overcrowding, or (3) living in a housing unit lacking complete kitchen and/or plumbing.

Table 1.1 shows the number of households with one or more housing problems by income group and HUD-defined household type. The 2000 figures are from the 2000 CHAS database, while the 2009 and 2014 figures are projections based on HISTA data. The projection varied the rate of household growth according to income groups and household types as well as across renter and owner households.

As shown in Table 1.1, an estimated 2,771,541 households (total renter and total owner households) in Texas are in need of housing assistance in the year 2009. This figure is 25 percent of the total of 11,274,877 households in Texas in the year 2009. Of the households in need of housing assistance, 51 percent, or 1,419,608, will be renter households and 49 percent, or 1,351,933, will be owner households.

Figure 1.1: Estimated Households in Need of Housing Assistance by Household, 2009



Source: CHAS 2000 with projections based on HISTA data.

Table 1.1: Estimated Households in Need of Housing Assistance, 2000, 2009, and 2014

		Renter			Owner		
		2000	Projected 2009	Projected 2014	2000	Projected 2009	Projected 2014
0-30% AMFI	Elderly Households	59,065	77,246	75,144	100,876	143,128	130,908
	Small Related Households	162,308	196,132	198,694	76,492	113,973	114,038
	Large Related Households	63,879	77,191	78,199	39,256	58,491	58,525
	Other Households	133,429	161,235	163,341	39,368	58,658	58,692
	Total Households	418,681	511,805	515,378	255,992	374,251	362,163
31-50% AMFI	Elderly Households	36,578	60,930	56,058	62,920	73,547	72,572
	Small Related Households	133,605	175,606	177,265	79,006	96,746	103,453
	Large Related Households	58,132	76,407	77,129	53,907	66,011	70,588
	Other Households	102,090	134,183	135,451	24,401	29,880	31,951
	Total Households	330,405	447,125	445,903	220,234	266,184	278,564
51-80% AMFI	Elderly Households	19,934	26,963	25,149	41,173	46,077	45,389
	Small Related Households	98,014	111,773	111,404	121,204	140,920	141,961
	Large Related Households	57,987	66,127	65,909	81,842	95,155	95,858
	Other Households	79,147	90,257	89,960	35,978	41,830	42,139
	Total Households	255,082	295,120	292,422	280,197	323,982	325,347
81-95% AMFI	Elderly Households	3,638	4,420	4,210	9,883	10,682	10,539
	Small Related Households	18,310	19,835	19,719	40,150	44,431	44,475
	Large Related Households	14,142	15,320	15,230	25,542	28,265	28,293
	Other Households	11,784	12,765	12,691	14,049	15,547	15,562
	Total Households	47,874	52,340	51,850	89,624	98,925	98,870
>95% AMFI	Elderly Households	8,169	9,620	9,422	23,454	24,656	24,434
	Small Related Households	43,853	47,126	46,477	131,939	134,408	138,409
	Large Related Households	35,490	38,139	37,614	92,229	93,955	96,752
	Other Households	17,060	18,333	18,081	34,919	35,572	36,631
	Total Households	104,572	113,218	111,594	282,541	288,592	296,225
Total Households	Elderly Households	127,384	179,179	169,984	238,306	298,090	283,841
	Small Related Households	456,090	550,472	553,559	448,791	530,477	542,336
	Large Related Households	229,630	273,183	274,080	292,776	341,878	350,015
	Other Households	343,510	416,775	419,523	148,715	181,488	184,976
	Total Households	1,156,614	1,419,608	1,417,146	1,128,588	1,351,933	1,361,168

Source: CHAS 2000 with projections based on HISTA data.

Table 1.2 shows the number and percentage of households with one or more housing problems in 2009, by income group and household type. Renter households generally have a higher incidence of housing problems than owner households. Also, lower income groups have much higher rates of incidence of housing problems than higher income groups. Among household types, large related family households have the highest rates of housing problems.

Table 1.2: Households with One or More Housing Problems, 2009

		Renter Households			Owner Households			
		At Least One Problem	Total Households	% with At Least One Problem	At Least One Problem	Total Households	% with At Least One Problem	Total Households with At Least One Problem
0-30% AMFI	Elderly Households	77,246	124,413	62.09%	143,128	215,093	66.54%	220,374
	Small Related Households	196,132	247,158	79.35%	113,973	152,640	74.67%	310,105
	Large Related Households	77,191	83,944	91.96%	58,491	66,044	88.56%	135,682
	Other Households	161,235	221,286	72.86%	58,658	88,089	66.59%	219,893
	Total Households	**511,804**	**676,801**	**75.62%**	**374,251**	**521,866**	**71.71%**	**886,055**
31-50% AMFI	Elderly Households	60,930	102,118	59.67%	73,547	196,477	37.43%	134,476
	Small Related Households	175,606	237,539	73.93%	96,746	294,058	32.90%	272,352
	Large Related Households	76,407	88,423	86.41%	66,011	127,755	51.67%	142,418
	Other Households	134,183	167,022	80.34%	29,880	83,624	35.73%	164,063
	Total Households	**447,125**	**595,101**	**75.13%**	**266,184**	**701,914**	**37.92%**	**713,309**
51-80% AMFI	Elderly Households	26,963	64,285	41.94%	46,077	235,819	19.54%	73,040
	Small Related Households	111,773	285,446	39.16%	140,920	328,262	42.93%	252,692
	Large Related Households	66,127	93,375	70.82%	95,155	153,779	61.88%	161,282
	Other Households	90,257	240,196	37.58%	41,830	92,859	45.05%	132,088
	Total Households	**295,120**	**683,302**	**43.19%**	**323,982**	**810,719**	**39.96%**	**619,102**
81-95% AMFI	Elderly Households	4,420	16,719	26.44%	10,682	85,301	12.52%	15,102
	Small Related Households	19,835	99,330	19.97%	44,431	163,647	27.15%	64,265
	Large Related Households	15,320	26,992	56.76%	28,265	59,567	47.45%	43,585
	Other Households	12,765	97,737	13.06%	15,547	44,866	34.65%	28,312
	Total Households	**52,340**	**240,778**	**21.74%**	**98,925**	**353,380**	**27.99%**	**151,265**
>95% AMFI	Elderly Households	9,620	63,760	15.09%	24,656	522,924	4.72%	34,276
	Small Related Households	47,126	429,882	10.96%	134,408	1,782,212	7.54%	181,534
	Large Related Households	38,139	80,234	47.53%	93,955	367,608	25.56%	132,094
	Other Households	18,333	363,730	5.04%	35,572	309,125	11.51%	53,906
	Total Households	**113,218**	**937,607**	**12.08%**	**288,592**	**2,981,868**	**9.68%**	**401,810**
Total Households	Elderly Households	179,179	550,474	32.55%	298,090	1,553,703	19.19%	477,269
	Small Related Households	550,471	1,849,826	29.76%	530,477	3,251,298	16.32%	1,080,949
	Large Related Households	273,183	646,151	42.28%	341,878	1,116,630	30.62%	615,061
	Other Households	416,774	1,506,745	27.66%	181,488	800,049	22.68%	598,262
	Total Households	**1,419,607**	**4,553,196**	**31.18%**	**1,351,933**	**6,721,681**	**20.11%**	**2,771,541**

Source: CHAS 2000 with projections based on HISTA data.

Consideration of Available Housing Resources

Table 1.3 shows the rates of incidence among households, by income group, of the following types of housing problems: substandard housing, overcrowding, extreme cost burden, and severe cost burden.

Affordability, or housing cost burden, is the most common housing problem. According to the 2009 CHAS data, approximately 25 percent of all households have a housing cost burden. Housing cost burden and overcrowding affects renter households more than owner households and affects lower income households at a much higher rate than higher income households.

Table 1.3: Types of Housing Problems of Households, 2009

			Substandard Housing		Overcrowded Households		Extreme Cost Burden		Severe Cost Burden	
	Income Group	Total Households	Count	Pct	Count	Pct	Count	Pct	Count	Pct
Total Households	0% to 30%	1,198,667	26,436	2.2%	147,389	12.3%	742,623	62.0%	390,046	32.5%
	31% to 50%	1,297,015	16,147	1.2%	147,641	11.4%	535,883	41.3%	173,304	13.4%
	51% to 80%	1,494,021	16,634	1.1%	194,518	13.0%	426,206	28.5%	110,795	7.4%
	81% to 95%	594,158	4,248	0.7%	57,542	9.7%	92,907	15.6%	21,203	3.6%
	Over 95%	3,919,475	19,926	0.5%	192,172	4.9%	194,977	5.0%	40,570	1.0%
	Total	11,274,877	83,392	0.7%	739,262	6.6%	1,992,596	17.7%	735,917	6.5%
Renter Households	0% to 30%	676,801	15,408	2.3%	112,511	16.6%	443,666	65.6%	195,023	28.8%
	31% to 50%	595,101	8,840	1.5%	99,512	16.7%	326,966	54.9%	86,652	14.6%
	51% to 80%	683,302	8,724	1.3%	112,123	16.4%	180,701	26.4%	55,397	8.1%
	81% to 95%	240,778	2,184	0.9%	30,575	12.7%	19,674	8.2%	10,601	4.4%
	Over 95%	937,607	8,457	0.9%	83,470	8.9%	19,526	2.1%	20,285	2.2%
	Total Renter	4,553,196	43,612	1.0%	438,192	9.6%	990,532	21.8%	367,959	8.1%
Owner Households	0% to 30%	521,866	11,029	2.1%	34,877	6.7%	298,958	57.3%	195,023	37.4%
	31% to 50%	701,914	7,308	1.0%	48,129	6.9%	208,917	29.8%	86,652	12.3%
	51% to 80%	810,719	7,911	1.0%	82,395	10.2%	245,505	30.3%	55,397	6.8%
	81% to 95%	353,380	2,064	0.6%	26,967	7.6%	73,233	20.7%	10,601	3.0%
	Over 95%	2,981,868	11,469	0.4%	108,702	3.6%	175,451	5.9%	20,285	0.7%
	Total Owner	6,721,681	39,780	0.6%	301,070	4.5%	1,002,064	14.9%	367,959	5.5%

Source: CHAS 2000 with projections based on HISTA data.

The state defines "standard condition" of housing as properties that meet the federal Housing Quality Standards, or the state Colonia Housing Standards, as applicable. "Substandard condition but suitable for rehabilitation" refers to properties that do not meet the above standards but are not sufficiently deteriorated to justify demolition or replacement. These definitions refer to the condition of properties prior to the receipt of assistance.

The Consolidated Plan is required to examine whether a disproportionately greater housing need exists for any racial or ethnic group for the following income categories: 0-30 percent, 31-50 percent, 51-80 percent, and 81-95 percent of median income. For these purposes, disproportionately greater need exists when, in an income category, the percentage of households of a particular racial or ethnic group in need of housing assistance is at least 10 percentage points higher than the percentage of households in need as a whole for that income category.

Table 1.4 shows the number and percentage of households with housing problems by income group and racial/ethnic group. According to the table, Hispanic renter households above 81 percent of median income and "Other" owner households at 31-50 percent, 51-80 percent, and 81-95 percent of median income all experience disproportionate need.

Table 1.4 also demonstrates that households in a particular income group generally experience housing problems at a roughly equivalent rate regardless of racial/ethnic category. It should be noted that Hispanic Renter Households tend to experience a slightly higher level of housing problems than the other racial/ethnic groups. The exception to this pattern is for the 31-50 percent income level at which all of the various racial/ethnic groups experience a relatively equal level of housing problems. Hispanic Owner Households experience a higher level of housing problems as compared to White, Black, and Two or More Races Owner Households at all income levels. The level of disproportionate need experienced by the "Other" Owner households exceeds that of the other racial/ethnic groups across all income levels.

Table 1.4: Housing Problems by Racial/Ethnic Group, 2009

	Total			White			Black		
% of Median Income	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems
Renter Households									
0-30%	729,318	552,570	75.77%	260,509	190,702	73.20%	250,122	122,001	48.78%
31-50%	506,026	382,951	75.68%	198,176	148,583	74.98%	92,329	67,384	72.98%
51-80%	738,324	319,535	43.28%	342,925	141,099	41.15%	125,276	45,005	35.92%
81-95%	237,926	51,828	21.78%	131,981	22,155	16.79%	38,022	6,397	16.82%
Above 95%	1,049,189	126,589	12.07%	658,896	45,237	6.87%	123,042	15,208	12.36%
Total	3,260,783	1,433,473	43.96%	1,592,486	547,776	34.40%	628,793	255,996	40.71%
Owner Households									
0-30%	394,460	282,313	71.57%	190,303	133,432	70.12%	64,551	44,832	69.45%
31-50%	444,547	240,825	54.17%	232,566	115,083	49.48%	48,539	25,581	52.70%
51-80%	848,548	337,192	39.74%	479,407	166,288	34.69%	79,459	31,159	39.21%
81-95%	350,553	97,757	27.89%	231,368	57,392	24.81%	32,902	8,497	25.82%
Above 95%	4,396,170	426,675	9.71%	3,282,384	238,914	7.28%	279,111	28,332	10.15%
Total	6,434,277	1,384,760	21.52%	4,416,028	711,109	18.17%	504,562	138,401	30.37%

	Hispanic			Other			Two or More Races		
% of Median Income	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems	Total	w/ 1+ Housing Problems	% w/ 1+ Housing Problems
Renter Households									
0-30%	265,595	212,595	80.05%	27,159	19,297	71.05%	10,976	7,975	72.66%
31-50%	193,511	148,893	76.94%	15,247	12,693	83.25%	6,763	5,397	79.81%
51-80%	237,583	117,750	49.56%	22,110	11,258	50.92%	10,430	4,424	42.41%
81-95%	56,956	20,256	35.57%	7,595	2,376	31.29%	3,372	644	19.09%
Above 95%	207,367	55,244	26.64%	45,903	9,388	20.45%	13,980	1,511	10.81%
Total	961,012	554,738	57.72%	118,013	55,012	46.61%	45,521	19,952	43.83%
Owner Households									
0-30%	128,206	95,395	74.41%	7,159	5,580	77.95%	4,241	3,073	72.48%
31-50%	152,516	92,625	60.73%	7,230	5,296	73.25%	3,696	2,239	60.57%
51-80%	264,709	125,472	47.40%	17,143	10,597	61.82%	7,829	3,676	46.95%
81-95%	74,449	26,667	35.82%	8,548	4,083	47.77%	3,286	1,118	34.03%
Above 95%	686,991	133,407	19.42%	112,270	21,910	19.52%	35,414	4,112	11.61%
Total	1,306,872	473,566	36.24%	152,350	47,467	31.16%	54,466	14,218	26.10%

Source: CHAS 2000 with projections based on HISTA data.

Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.

- The present state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will be due to the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000, but will increase to 20 percent by 2040.

Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

A correlation 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 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.[1]

Housing demand projections are directly linked to projected changes in the demographic makeup of the future population. The bottom line is that the projections show faster population and household growth in segments that generally create the largest demand on the affordable and subsidized housing supply.

Table 1.5 shows the percentage of households in a particular income group, by racial/ethnic group. These numbers demonstrate that minority households are much more likely to have lower incomes than White households. Minority households are therefore much more likely to have housing problems than White households, since housing problems affect the lowest income households to a much greater degree than higher income households.

Table 1.5: Households by Race/Ethnicity and Income Category

Renter Households	Total	White	Black	Hispanic	Other	2+ Races
0-30%	21.00%	15.00%	28.30%	25.70%	21.60%	22.40%
31-50%	16.30%	13.20%	18.00%	21.30%	13.50%	15.70%
51-80%	22.00%	21.00%	22.70%	24.30%	17.80%	22.50%
81-95%	8.20%	9.30%	8.00%	6.70%	7.20%	8.40%
Above 95%	32.50%	41.50%	23.00%	22.00%	39.90%	31.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Owner Households	Total	White	Black	Hispanic	Other	2+ Races
0-30%	7.60%	5.50%	15.30%	11.70%	5.50%	9.60%
31-50%	8.70%	6.70%	11.60%	14.00%	5.60%	8.40%
51-80%	15.00%	12.60%	17.20%	22.00%	12.70%	16.20%
81-95%	6.80%	6.70%	7.90%	6.80%	7.20%	7.50%
Above 95%	61.90%	68.50%	48.00%	45.50%	69.00%	58.30%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Census 2000

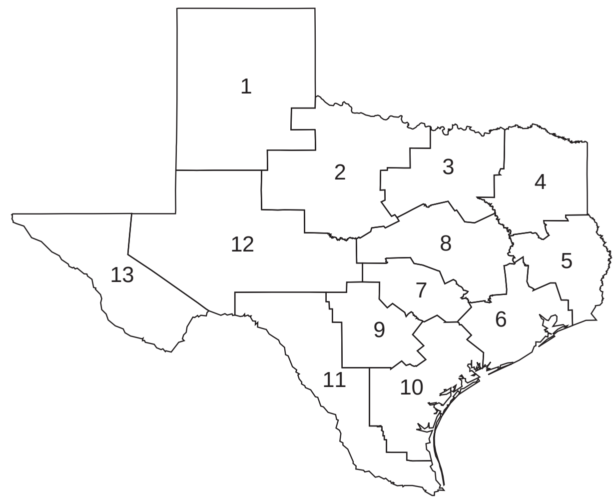
Please note that the 2000 CHAS data is a special tabulation of Census 2000 data not largely available through standard Census products. HUD analysis of the rounding rules applied to all CHAS data shows that tables with more cells (such as a large table at the Census Tract geography) when aggregated to the national level results in a national deflation of total population. However, for individual places and counties, sometimes it inflates or deflates.

[1] Murdock, S.H. et al. (2002, December). A summary of the Texas challenge in the Twenty-first century: implications of the population change for the future of Texas. College Station, TX: Department of Rural Sociology, TX A&M University.

GENERAL REGIONAL HOUSING NEED CHARACTERISTICS

The following section provides an overview of the regional characteristics that most directly relate to the Department's allocation of funds on a statewide basis to the 13 state service regions.

REGIONAL ALLOCATION FORMULA



The Texas Department of Housing and Community Affairs (TDHCA) uses a Regional Allocation Formula (RAF) to distribute its HOME Investment Partnerships (HOME) Program, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding.[2] The 13 regions used for the RAF are shown in the diagram to the right. The RAF also determines how funding is allocated to rural and urban areas within each region. The RAF's funding distributions are based on objective measures of each region's affordable housing need and available resources to address this need. The RAF is legislatively required by Section 2306.111(d) of the Texas Government Code.

The first step in the RAF is to determine how the program funding would be distributed based solely on measures of regional need provided by US Census data. With the exception of the poverty numbers, the most relevant Census data is for households at or below 80 percent of the Area Median Family Income (AMFI). The following factors are used in the RAF to measure affordable housing need.

- **Poverty**: Number of persons in the region who live in poverty
- **Extreme Cost Burden**: Units with a monthly gross housing expense to monthly household income ratio that exceeds 30 percent
- **Overcrowded Units**: Units with more than one person per room
- **Units with Incomplete Kitchen or Plumbing**: Units that are missing one of the following: a sink with piped water, a range or cook top and oven, refrigerator, hot and cold piped water, a flush toilet, or a bathtub or shower

1) Census need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2) Each factor is assigned a weight based on its perceived value as a measure of affordable housing need (poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent). In general, the weights reflect the relative number of persons or households affected by the housing problem.
3) Each measure's weight is multiplied by total amount of funding available under the RAF to determine the measure's funding amount.
4) For each measure, the region's number of affected persons or households is divided by the state total to determine the percentage of the state's need that is present in the region.

[2] Slightly modified versions of the RAF are used for the HOME and HTF/HTC programs because they have different consumers, eligible activities, and geographical eligibility requirements.

5) Each region's percentage of state need is multiplied by the measure's funding amount.
6) Finally, the funding distributed by the measures is summed for each region to determine the region's total allocation. The resulting regional funding distribution provides an overall measure of each region's affordable housing need.

CONSIDERATION OF AVAILABLE HOUSING RESOURCES

In addition to TDHCA, there are many other funding sources that address affordable housing need. Some of this funding, such as the HOME Investment Partnerships program, is distributed via allocation formulas that consider need. In contrast, multifamily tax exempt bond financing is allocated via a lottery process and is subject to economic feasibility issues that preclude regional distribution. To address any inherent regional funding inequities, the RAF analyzes the regional distribution of state and federal sources that provide rental housing assistance to households that are similar to those served by each program.

The allocation formula was developed to serve as a dynamic measure of need. As such, the formula will be updated annually to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings. To assist persons interested in commenting on the actual funding distribution under the formula, such information will be provided annually in the State of Texas Low Income Housing Plan and Annual Report.

POVERTY

According to the 2005-2007 American Community Survey, approximately 3,851,623 people in Texas, or 16.9 percent, were below the poverty level during that three-year period (see Table 16a). Texas experienced a higher poverty rate than the rest of the country; during the same time period, 13.3 percent of the population nationwide was below the poverty level. In Texas, the poverty rate is higher for children compared to the general population: 23.9 percent of Texans under 18 years of age were below the poverty level from 2005-2007.[3] Poverty can become a self-perpetuating cycle, creating barriers to education, health and financial stability.

[3] American Community Survey. (n.d.) 2005-2007 American community survey 3-year estimates, subject tables. Retrieved from http://factfinder.census.gov/servlet/STGeoSearchByListServlet?ds_name=ACS_2007_3YR_G00_&_lang=en&_ts=269092501476.

Table 1.6a: Texas Annual Poverty Estimates from 2005-2007

Subject	Total	Below Poverty Level	% Below Poverty Level
Population for whom poverty status is determined	22,765,577	3,851,623	16.9%
AGE			
Under 18 years	6,383,768	1,523,505	23.9%
Related children under 18 years	6,351,199	1,495,112	23.5%
18 to 64 years	14,156,829	2,051,614	14.5%
65 years and over	2,224,980	276,504	12.4%
GENDER			
Male	11,250,596	1,709,625	15.2%
Female	11,514,981	2,141,998	18.6%

Source: 2005-2007 American Community Survey 3-Year Estimates

Minority populations continue to be overrepresented in the Texas population under the poverty level (see Table 16b). According to the 2005-2007 American Community Survey, during that three-year period the percent of Black or African American and Some Other Race populations under the poverty level are 24.5 to 24.7 percent, respectively. Other recorded races show a much lower poverty rate ranging from 14.6 percent to 18.5 percent. Similarly, the Hispanic population in poverty is 17.1 percent higher than white alone.[4]

Table 1.6b: Texas Annual Poverty Estimates by Race and Latino Origin from 2005-2007

Subject	Total	Below Poverty Level	% Below Poverty Level
One race	22,362,438	3,784,926	16.9%
White	16,115,591	2,353,602	14.6%
Black or African American	2,549,607	624,653	24.5%
American Indian and Alaska Native	110,786	20,367	18.4%
Asian	762,509	90,176	11.8%
Native Hawaiian and Other Pacific Islander	15,967	2,960	18.5%
Some other race	2,807,978	693,168	24.7%
Two or more races	403,139	66,697	16.5%
Hispanic or Latino origin (of any race)	8,128,374	2,116,372	26.0%
White alone, not Hispanic or Latino	11,014,024	977,124	8.9%

Source: 2005-2007 American Community Survey 3-Year Estimates

Poverty along the Texas-Mexico border can be particularly acute. For example, take Hidalgo, Cameron and Starr Counties. From 2005-2007, their poverty rates were 37.5 percent, 37.1 percent and 41.4 percent, respectively.[5] Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing.

[4] American Community Survey. (n.d.) 2005-2007 American community survey 3-year estimates, subject tables. Retrieved from http://factfinder.census.gov/servlet/STGeoSearchByListServlet?ds_name=ACS_2007_3YR_G00_&_lang=en&_ts=269092501476.
[5] American Community Survey. (n.d.) 2005-2007 American community survey 3-year estimates, subject tables. Retrieved from http://factfinder.census.gov/servlet/STGeoSearchByListServlet?ds_name=ACS_2007_3YR_G00_&_lang=en&_ts=269092501476.

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.[6]

In addition, expected economic growth will not necessarily lift the lowest income groups. The Texas Comptroller's Biennial Revenue Estimate predicts that the fastest growing sector of the state economy for 2010-2011 will be the professional and business services. This sector was also the fastest growing in 2008-2009 and it requires specialized education and skills.[7] While this growth may buoy the state economy, it is unlikely to raise many low-income families, who may not have the necessary education or training, from their current positions.

The regions with the highest number of persons in poverty are Regions 3, 6, and 11 (see Table 1.7). The regions with the highest amount of poverty in the state are two of the Major Metropolitan Areas in Texas: Regions 3 with Dallas-Fort Worth-Arlington and Region 6 with Houston-Sugar Land-Baytown. When taken together, those two regions have a combined total of 43.3 percent of the poverty of the state.

Table 1.7: Population and Poverty, 2009

Service Region	Persons in Poverty	Percent of State Poverty Totals
1	132,090	3.5%
2	83,519	2.2%
3	809,016	21.4%
4	162,843	4.3%
5	135,278	3.6%
6	828,177	21.9%
7	205,835	5.4%
8	176,426	4.7%
9	316,072	8.3%
10	115,159	3.0%
11	526,049	13.9%
12	86,417	2.3%
13	210,193	5.6%
Grand Total	3,787,074	100.0%

Source: Census Poverty Estimates

[6] Center for Public Policy Priorities. (2002, September 1). Making it: what it really takes to live in Texas. Retrieved from http://www.cppp.org/research.php?aid=120.

[7] Texas Comptroller of Public Accounts. (2009, January). Biennial revenue estimate: 2010-2011. Retrieved from http://www.window.state.tx.us/taxbud/bre2010/outlook.html.

SUBSTANDARD HOUSING

Regions 3, 6, and 11 have the highest number of units lacking facilities for households earning 0 to 80 percent AMFI (see Table 1.8). Regions 3 and 6 also have the highest number of units lacking facilities for households earning 80 to over 95 percent AMFI. These are also the two regions with the highest numbers of households in poverty in the state (see Table 1.7 above). In contrast, Regions 2, 12 and 1, in that order, have the lowest number of units lacking facilities for households earning 0 to 80 percent AMFI.

Table 1.8: Number of Units Lacking Kitchen and/or Plumbing by Affordability Category, 2009

Region	Total	0% to 30%	31% to 50%	51% to 80%	80% to 95%	Over 95%
1	2,881	806	500	542	178	854
2	1,843	572	313	391	128	438
3	19,722	5,297	3,587	4,184	1,419	5,236
4	5,211	1,610	928	936	346	1,390
5	3,360	1,112	554	642	167	885
6	19,939	5,961	3,523	4,035	1,105	5,315
7	6,397	2,214	1,121	1,285	388	1,389
8	4,004	1,190	772	757	225	1,060
9	7,766	2,197	1,362	1,633	627	1,947
10	3,319	1,117	650	680	130	742
11	15,571	6,726	3,811	2,692	0	2,343
12	2,311	639	491	483	91	607
13	3,913	912	1,049	901	119	932
State	81,949	25,817	15,907	16,341	4,207	19,807

Source: CHAS Database with projections based on HISTA data.

EXTREME AND SEVERE COST BURDEN

Table 1.9 shows the number of households with cost burden greater than 30 percent by income group. Table 1.10 shows the number of households with cost burden greater than 50 percent by income group.

Regions 3 and 6, in that order, have the highest number of households experiencing extreme and severe cost burden for all the income groups. In addition, Regions 7 and 9 have the third and fourth highest numbers of households experiencing extreme and severe cost burden for all income groups. These regions represent the four largest Major Metropolitan Areas in Texas: Dallas-Fort Worth-Arlington, Houston-Sugar Land-Baytown, San Antonio, and Austin-Round Rock.

Table 1.9: Number of Households with Extreme Cost Burden by Income Group, 2009

Region	Total	0% to 30%	31% to 50%	51% to 80%	81% to 95%	Over 95%
1	60,253	23,272	16,767	12,397	2,449	5,367
2	38,218	13,985	11,417	7,446	1,769	3,601
3	513,398	157,354	132,431	125,651	30,897	67,065
4	82,070	29,874	22,011	17,117	4,545	8,523
5	54,319	22,728	14,594	9,996	2,260	4,740
6	417,915	142,391	111,413	89,069	22,352	52,690
7	163,824	51,337	41,387	41,992	10,253	18,854
8	86,944	32,827	22,513	19,090	4,616	7,900
9	158,497	49,102	39,992	37,554	9,803	22,046
10	52,206	18,186	13,999	11,199	2,635	6,186
11	83,705	35,244	22,058	15,012	77	11,314
12	35,914	13,444	10,199	7,078	1,658	3,535
13	53,624	16,765	14,383	13,152	1,524	7,801
State	1,800,887	606,511	473,163	406,753	94,838	219,623

Source: CHAS Database with projections based on HISTA data.

Table 1.10: Number of Households with Severe Cost Burden by Income Group, 2009

Region	Total	0% to 30%	31% to 50%	51% to 80%	81% to 95%	Over 95%
1	27,866	18,103	6,303	2,363	426	672
2	16,252	10,091	3,804	1,466	309	581
3	204,985	124,231	46,673	22,118	4,355	7,608
4	36,690	21,933	8,450	4,291	853	1,162
5	25,744	17,341	5,373	2,116	413	501
6	186,787	118,470	40,620	17,400	3,383	6,913
7	69,617	42,983	15,912	7,230	1,331	2,160
8	41,218	26,809	9,284	3,548	747	830
9	63,383	37,570	14,978	7,027	1,478	2,330
10	21,917	13,190	5,328	2,251	340	808
11	36,725	23,337	8,501	3,317	25	1,546
12	15,404	9,743	3,585	1,550	208	317
13	22,762	12,640	5,964	2,818	241	1,100
State	769,351	476,444	174,775	77,495	14,109	26,528

Source: CHAS Database with projections based on HISTA data.

OVERCROWDED HOUSEHOLDS

Table 1.11 shows the number of overcrowded owner households by income group. Regions 3, 6, 11 and 9, in that order, have the highest number of overcrowded households for income levels 0 to 80 percent AMFI. With two exceptions, the most populous regions in the state have the highest number of overcrowded households. Those exceptions are Region 10, which is the seventh most populated region, has the eighth highest number of overcrowded households, and Region 8, which is the eighth most populated region, has the seventh highest number of overcrowded households.

Table 1.11: Number of Overcrowded Households by Income Group, 2009

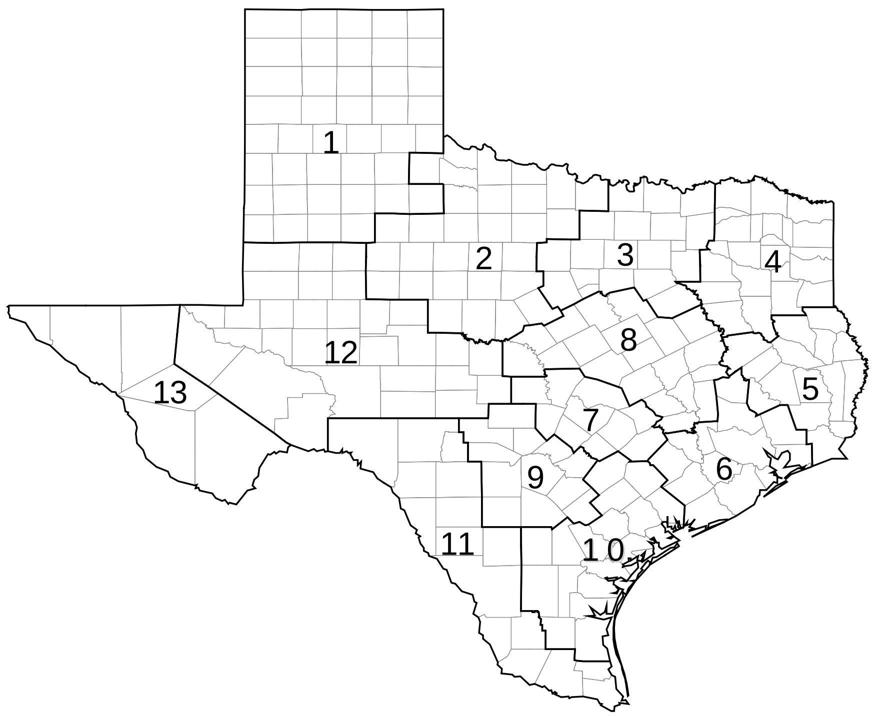
Region	Total	0% to 30%	31% to 50%	51% to 80%	81% to 95%	Over 95%
1	19,109	3,027	3,351	5,156	1,646	5,929
2	8,071	1,253	1,228	2,295	712	2,584
3	209,867	38,992	42,452	56,770	19,473	52,179
4	20,518	3,417	3,400	5,053	2,138	6,511
5	15,449	2,934	2,232	3,475	1,490	5,317
6	224,903	45,186	46,726	59,184	19,585	54,222
7	45,859	8,504	9,363	12,022	4,408	11,562
8	23,482	4,021	3,623	6,379	2,230	7,230
9	64,449	11,803	12,191	16,493	6,170	17,793
10	21,617	4,354	3,728	4,759	1,662	7,113
11	97,747	24,196	20,712	22,524	12	30,302
12	13,051	2,211	2,226	3,694	1,207	3,713
13	31,985	6,083	6,365	7,462	1,302	10,772
State	796,107	155,981	157,597	205,265	62,035	215,229

Source: CHAS Database with projections based on HISTA data.

SPECIFIC REGIONAL HOUSING NEED CHARACTERISTICS

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 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.

Uniform State Service Regions



For 2009, the most populous regions of the state are Regions 3 and 6, together representing over 51 percent of the state. Regions 3, 6, 7, and 11 are the fastest growing areas as indicated by population estimates.

Table 1.12: Population by Region

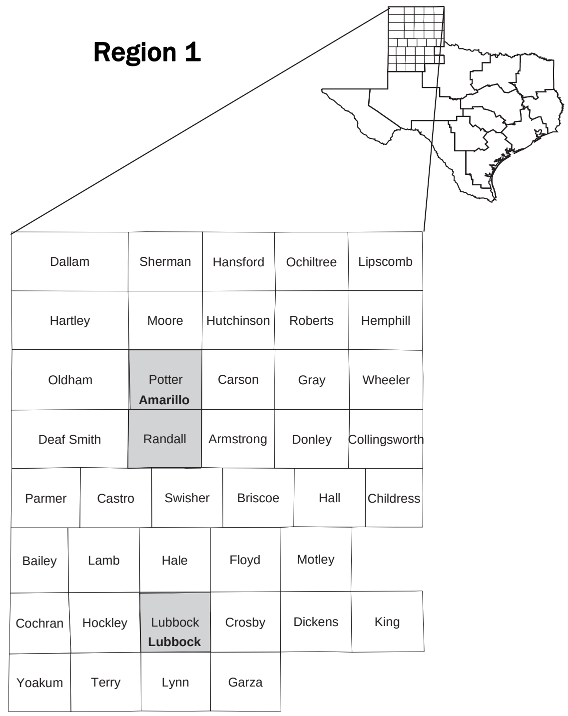
Service Region	Population 2000	Percent of State's Population	Population Estimated Jan 1, 2009	Percent Change 2000 to 2009
1	768,196	3.7%	792,579	3.2%
2	537,611	2.6%	527,185	-1.9%
3	5,435,416	26.4%	6,638,033	22.1%
4	995,930	4.8%	1,070,006	7.4%
5	795,160	3.9%	800,947	0.7%
6	4,815,528	23.4%	5,901,237	22.5%
7	1,333,017	6.5%	1,751,787	31.4%
8	947,685	4.6%	1,045,722	10.3%
9	1,784,546	8.7%	2,118,949	18.7%
10	617,128	3.0%	625,952	1.4%
11	1,368,670	6.6%	1,677,009	22.5%
12	517,177	2.5%	533,294	3.1%
13	697,816	3.4%	770,433	10.4%
State	**20,613,880**	**100%**	**24,253,133**	18%

Source: CHAS Database with projections based on HISTA data.

While the previous section provided a comparative analysis of the service regions, this section provides a more detailed assessment of specific regional characteristics. Motivating this region-specific profile is a desire to more appropriately match specific programs to geographically defined needs.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. HISTA data projects that in 2009 the total population in Region 1 is 792,579, representing a 3.2 percent increase from 2000. Slightly less than 48 percent of the population lived in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. The figure to the side shows Region 1 with the metropolitan statistical areas shaded.



Of the 288,175 housing units in the region, 66.3 percent are owner occupied and 33.7 percent are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 1, the two greatest general needs as ranked by survey respondents were energy assistance with 36 percent of total respondents and housing assistance with 28 percent of total respondents. Of the remaining respondents, 24 percent indicated that the development of apartments was the priority need, 13 percent indicated that capacity building assistance was the priority need and only 6 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The most recent Census poverty estimate data for 2009 shows that 132,090 people in the region live in poverty. Almost 39 percent of the 60,253 households with extreme housing cost burden (paying more than 30 percent of income towards housing costs) earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 28 percent of the households with extreme housing cost burden. Only 21 percent of the households with extreme cost burden are low income and 4 percent are moderate income and above.

In Region 1 there are 2,881 households that lack kitchen and/or plumbing facilities. Twenty-eight percent earn under 30 percent of the area median income, 17 percent earn between 31 and 50 percent, and 19 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 19,108 overcrowded renter households, 16 percent are extremely low income, 18 percent are very low income, another 27 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey in Region 1, 43 percent of respondents indicated that the construction of new rental units was their community's greatest need, followed by 34 percent of respondents who indicated that the need for construction and rehabilitation of rental units was the same.

For the Community Needs Survey in Region 1, when considering housing assistance as a category almost 40 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 25 percent.

Community Services Need

Region 1 has 3.5 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey in Region 1, 41 percent of respondents indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

Housing Supply

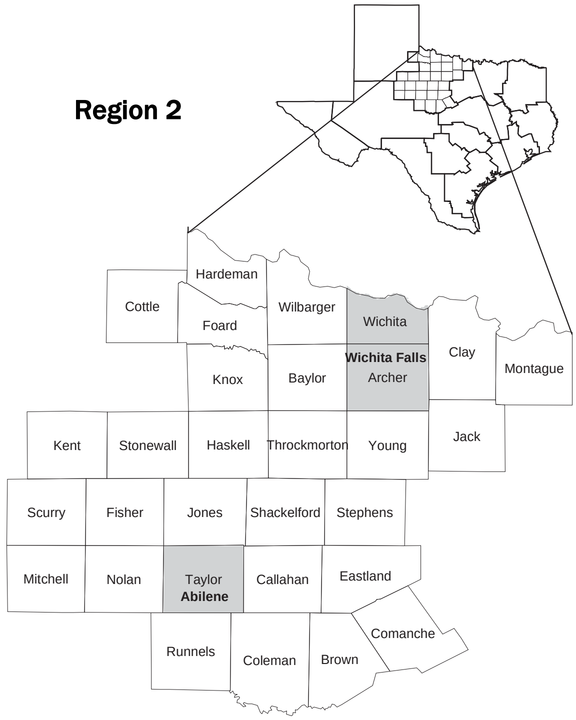
According to the most recent US Census, there are 322,045 housing units in Region 1 and 288,175 are occupied. Of the total housing stock, almost 75 percent are one unit; 15.9 percent are over two units; and the rest are mobile homes, boats, and RVs.

The following table shows the number of total multifamily units in the region financed through state and federal sources such as 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	5,114	29.7%	2.6%
HUD Units	3,451	20.0%	3.4%
PHA Units	1,304	7.6%	2.4%
Section 8 Vouchers	5,679	33.0%	3.9%
USDA Units	1,676	9.7%	6.3%
HFC Units*	1,789		
Total	17,224	100.0%	3.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.



REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene, shaded in the figure to the left. The region has a majority rural population at 59 percent. HISTA data projects that a total of 527,185 people, or 2.6 percent of the state's population, live in the area in 2009. Estimated population figures through 2009 display no projected change.

There are 206,388 occupied housing units in the region: 69.1 percent are owner occupied and 30.9 percent are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 2, the two greatest general needs as ranked by survey respondents were energy assistance with 33 percent of total respondents and housing assistance with 29 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that the development of apartments was the priority need, 14 percent indicated that capacity building assistance was the priority need and 14 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The most recent Census population estimate the poverty rate for Region 2 is 15 percent, representing 83,519 people. More than 37 percent of the 13,985 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent almost 30 percent of the households with extreme housing cost burden. Approximately 19 percent of the households are low income and 5 percent are moderate income and above.

In Region 2, 1,843 households lack kitchen and/or plumbing facilities. More than 31 percent of them earn under 30 percent of the area median income, 17 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 8,071 overcrowded households, more than 16 percent are extremely low income, 15 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 2, 40 percent of respondents indicated that the construction of new rental units was their community's greatest need, followed by 28 percent of respondents who indicated that the need for construction and rehabilitation was the same.

When considering housing assistance as a category in the Community Needs Survey for Region 2, 54 percent of respondents indicated that home repair assistance was the greatest need, followed homebuyer assistance with 23 percent.

Community Services Need

Region 2 has 2.2 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 2, weatherization and minor home repairs tied with utility assistance as the greatest needs, each with 47 percent of respondents.

Housing Supply

According to the most recent US Census, there are 243,506 housing units in the region and 84 percent are occupied. 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.

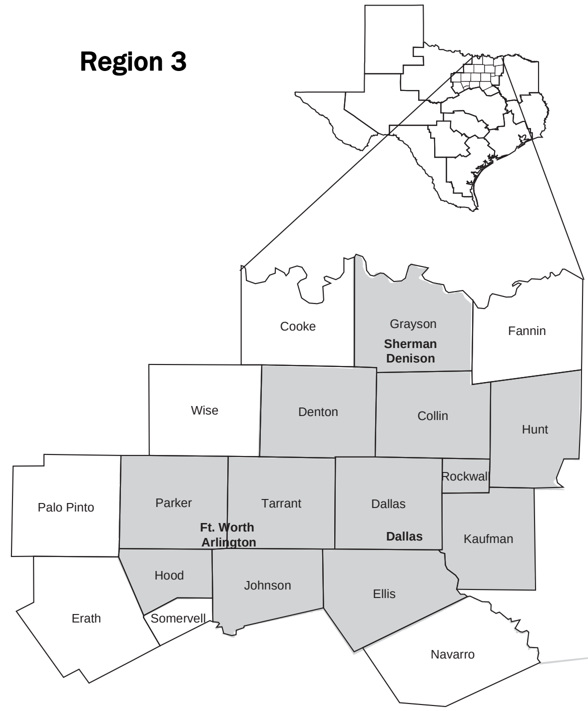
The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs including the Texas State Affordable Housing Corporation. For information on the data sources, see "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	3,158	24.1%	1.6%
HUD Units	1,979	15.1%	1.9%
PHA Units	3,026	23.1%	5.5%
Section 8 Vouchers	3,009	23.0%	2.1%
USDA Units	1,925	14.7%	7.3%
HFC Units*	280		
Total	13,097	100.0%	2.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 3



Region 3, including the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman, and Denison, is the state's most populous region. HISTA data projects that in 2009 6,638,033 people live in the region. That is a 22 percent change from Census 2000 figures, higher than the state increase of 3.2 percent.

There are 2,004,826 occupied housing units in the region: 60.9 percent are owner-occupied and 39.1 percent are occupied by renters, according to 2000 Census data. Region 3 has the second highest rate of renter-occupied housing.

According to TDHCA's 2006 Community Needs Survey data for Region 3, the two greatest general needs as ranked by survey respondents were housing assistance with 51 percent of total respondents and energy assistance with 29 percent of total respondents. Of the remaining respondents, approximately 6 percent indicated that capacity building assistance was the priority need, 5 percent of respondents indicated that the development of apartments was the priority need and only 2 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is 21.4 percent, representing 809,016 people. More than 31 percent of the 513,398 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 26 percent of the households with extreme housing cost burden. Approximately 24 percent of the households are low income and the rest are moderate income and above.

In Region 3, 19,722 households lack kitchen and/or plumbing facilities, which is 24 percent of the state's total. Approximately 27 percent earn less than 30 percent of the area median income, almost 18 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 209,867 overcrowded households, almost 19 percent are extremely low income, 20 percent are very low income, another 27 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 3, 26 percent indicated that the need for construction and rehabilitation was approximately the same, followed by 25 percent of respondents who indicated that the rehabilitation of existing rental units was the greatest need, independent of construction of rental units.

When considering housing assistance as a category in the Community Needs Survey for Region 3, 52 percent indicated that home repair assistance was the greatest need, followed by a three-way tie between homebuyer assistance, rental subsidies and minimal need for housing assistance each with 14 percent of respondents.

Community Services Need

Region 3 has 21.4 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 3, 39 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

Housing Supply

According to the most recent US Census, there are 2,140,641 housing units in the region and 93.7 percent are occupied; this is the highest occupancy rate among all of the regions. Of the total housing stock, 64 percent are one unit; 30 percent are over two units; and the rest are mobile homes and boats.

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA, and local HFCs including 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 Multifamily Assisted Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	60,078	41.6%	30.5%
HUD Units	28,032	19.4%	27.4%
PHA Units	8,485	5.9%	15.4%
Section 8 Vouchers	43,833	30.3%	30.1%
USDA Units	4,076	2.8%	15.4%
HFC Units*	20,892		
Total	144,504	100.0%	27.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall, and Tyler. According to HISTA population projections for 2009, 4.9 percent of the state's population, or 1,070,006 people, lives in Region 4. As indicated by population estimates through 2009, the region has experienced 7.4 percent growth. Region 4 has the highest percentage of rural population in the state at 77.5 percent.

There are 380,468 occupied housing units in the region; 73.8 percent are owner occupied and 26.2 percent are occupied by renters, according to 2000 Census data. Region 4 has the highest rate of owner-occupied housing among the Uniform State Service Regions.

According to TDHCA's 2006 Community Needs Survey data for Region 4, the two greatest general needs as ranked by survey respondents were housing assistance with 47 percent of total respondents and energy assistance with 26 percent of total respondents. Of the remaining respondents, approximately 15 percent indicated that the development of apartments was the priority need and 10 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is 4.3 percent, representing 162,843 people. Thirty six percent of the 82,070 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 27 percent of the households with extreme housing cost burden. Approximately 21 percent of the households are low income and the remainder are moderate income and above.

In the region, 5,211 households lack kitchen and/or plumbing facilities; this is 6 percent of the state's total. Approximately 31 percent earn less than 30 percent of the area median income, 18 percent of the households earn between 31 and 50 percent, and 18 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn over 80 percent of the area median income. Of the 20,518 overcrowded households, 17 percent are extremely low income, 17 percent are very low income, another 25 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 4, 34 percent indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units without rehabilitation was the greatest need.

When considering housing assistance as a category in the Community Needs Survey, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent.

Community Services Need

Region 4 has 4.3 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 4, 41 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 40 percent.

Housing Supply

According to the most recent US Census, there are 434,792 housing units in the region and 87.5 percent are occupied. Of the total housing stock, 71 percent are one unit; 11 percent are over two units; and the rest are mobile homes, boats, and RVs.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	5,700	26.6%	2.9%
HUD Units	3,577	16.7%	3.5%
PHA Units	2,252	10.5%	4.1%
Section 8 Vouchers	5,988	28.0%	4.1%
USDA Units	3,872	18.1%	14.6%
HFC Units*	1,336		
Total	21,389	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 5

Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to HISTA population projections for 2009, 800,947 people live in the region. Most of the population lives in rural areas, over 70 percent. Population estimates through 2009 show a 0.7 percent growth rate for the area, compared to the 3.2 percent growth for the state as a whole.

There are 275,122 occupied housing units in the region, 73.4 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 5, the two greatest general needs as ranked by survey respondents were housing assistance with 68 percent of total respondents and development of apartments with 17 percent of total respondents. Of the remaining respondents, approximately 13 percent indicted that energy assistance was the priority need, 11 percent indicated that capacity building assistance was the priority need and 8 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is approximately 17.1 percent, higher than the state rate of 15.4 percent. More than 42 percent of the 54,319 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 27 percent of the households with extreme housing cost burden. Approximately 18 percent of the households are low income and remainder are moderate income and above.

In the region, 3,360 households lack kitchen and/or plumbing facilities; this is 4 percent of the state's total. Approximately 33 percent earn less than 30 percent of the area median income, more than 16 percent of the households earn between 31 and 50 percent, and 19 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 15,448 overcrowded households, 19 percent are extremely low income,

14 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in Community Needs Survey for Region 5, 54 percent indicated that the need for construction and rehabilitation was the same, followed by 30 percent of respondents who indicated that construction of new units, separate from rehabilitation, was the greatest need.

When considering housing assistance as a category in the Community Needs Survey for Region 5, 49 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 27 percent.

Community Services Need

Region 5 has 3.6 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 5, 44 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs at 40 percent.

Housing Supply

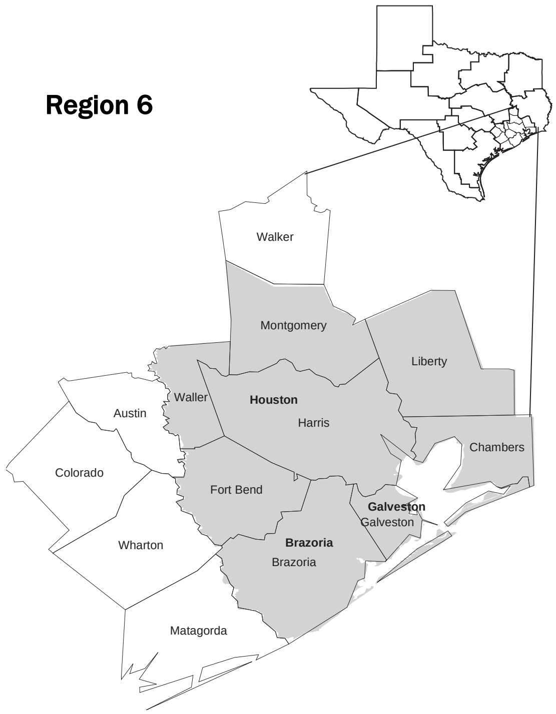
According to the most recent US Census, there are 325,047 housing units in the region and 84.7 percent are occupied. Of the total housing stock, 69.3 percent are one unit, 11 percent are over two units, and 18.6 percent are mobile homes. Boats and RVs make up the rest of the housing stock.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	5,869	27.4%	3.0%
HUD Units	4,134	19.3%	4.0%
PHA Units	2,368	11.1%	4.3%
Section 8 Vouchers	7,598	35.5%	5.2%
USDA Units	1,443	6.7%	5.5%
HFC Units*	1,160		
Total	21,412	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.



REGION 6

Region 6 includes the urban areas of Houston, Brazoria, and Galveston. According to HISTA population projections for 2009, 5,901,237 people live in the region. Over 66 percent of the population lives in urban areas. Population estimates through January 2009 show a 22.5 percent increase, about the same as the state as a whole.

There are 1,702,792 occupied housing units in the region, 60.9 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 6, the two greatest general needs as ranked by survey respondents were housing assistance with 73 percent of total respondents and development of apartments with 14 percent of total respondents. Of the remainder of the respondents, approximately 7 percent indicated that energy assistance was the priority need and 6 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is 14 percent. Approximately 34 percent of the 417,915 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 27 percent of the households with extreme housing cost burden. Approximately 21 percent of the households are low income and the remainder percent are moderate income and above.

In the region, 19,939 households lack kitchen and/or plumbing facilities; this is 24 percent of the state's total. Approximately 30 percent earn less than 30 percent of the area median income, 18 percent of the households earn between 31 and 50 percent, and 20 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 224,903 overcrowded households, 20 percent are extremely low income, approximately 21 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 6, 31 percent indicated that the need for construction and rehabilitation was the same, followed by a tie between a need for the construction of new units alone and a minimal need for rental assistance with 21 percent of respondents each.

When considering housing assistance in the Community Needs Survey for Region 6, 46 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 33 percent.

Community Services Need

Region 6 has 21.9 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 6, 39 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

Housing Supply

According to the most recent US Census, there are 1,853,854 housing units in the region and 91.9 percent are occupied. Of the total housing stock, 71 percent are one unit; 18 percent are over two units; and the rest are mobile homes, RVs, and boats.

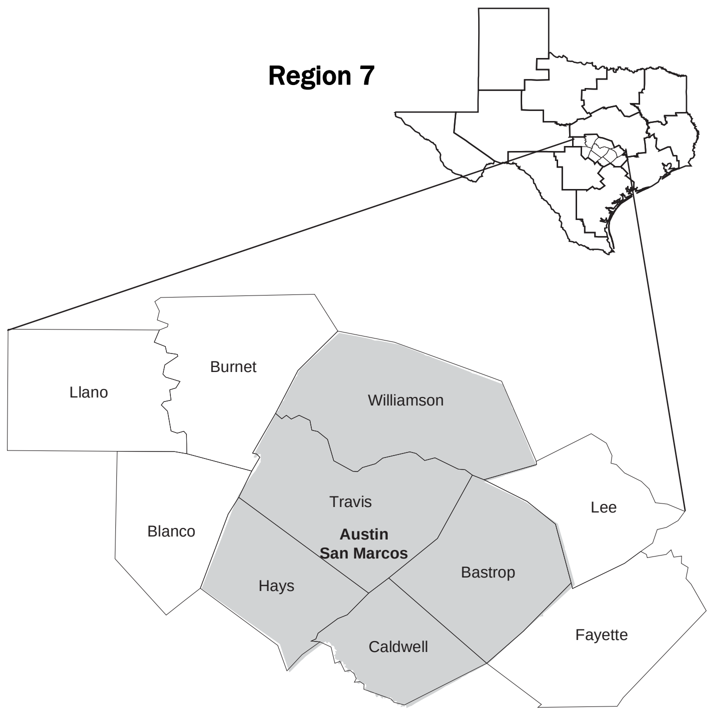
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "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	54,209	48.4%	27.5%
HUD Units	27,284	24.4%	26.7%
PHA Units	5,138	4.6%	9.3%
Section 8 Vouchers	21,884	19.5%	15.0%
USDA Units	3,484	3.1%	13.2%
HFC Units*	39,127		
Total	111,999	100.0%	21.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 7



The urban area of Austin-San Marcos is at the center of Region 7. According to HISTA population projections for 2009, 1,751,787 people live in the region. Over 68 percent of the population lives in urban areas. Population estimates through January 2009 show a 31 percent increase, the highest growth in the state.

There are 510,555 occupied housing units in the region, 60 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 7, the two greatest general needs as ranked by survey respondents were development of apartments with 32 percent of total respondents and housing assistance with 27 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that capacity building was the priority need and 14 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is 11 percent. Approximately 31 percent of the 163,824 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent about 25 percent of the households with extreme housing cost burden. Twenty-six percent of the households are low income and the remainder are moderate income and above.

In the region, 6,397 households lack kitchen and/or plumbing facilities; this is 8 percent of the state's total. Approximately 35 percent earn less than 30 percent of the area median income, 18 percent of the households earn between 31 and 50 percent, and another 20 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 45,858 overcrowded households, 19 percent are extremely low income, 20 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 7, 45 percent indicated that their community's greatest need was the construction of new rental units, followed by 38 percent of respondents who indicated that the need for construction and rehabilitation was the same.

When considering housing assistance as a category in the Community Needs Survey for Region 7, 34 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent.

Community Services Need

Region 7 has 5.4 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 7, 38 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

Housing Supply

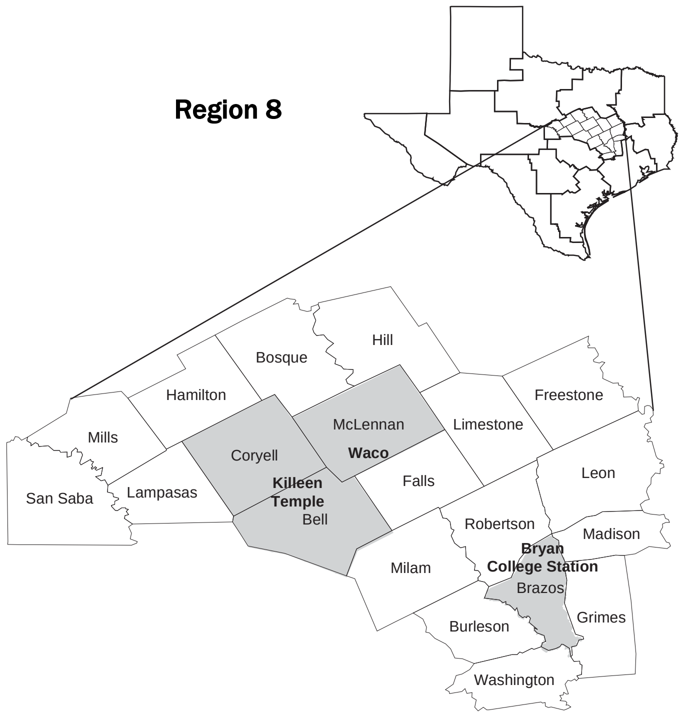
According to the most recent US Census, there are 545,761 housing units in the region and 93.5 percent are occupied. Of the total housing stock, 62 percent are one unit, 30 percent are over two units, and the rest are mobile homes, boats.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	17,267	48.9%	8.8%
HUD Units	5,032	14.2%	4.9%
PHA Units	3,506	9.9%	6.4%
Section 8 Vouchers	8,053	22.8%	5.5%
USDA Units	1,477	4.2%	5.6%
HFC Units*	8,276		
Total	35,335	100.0%	6.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.



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 HISTA population projections for 2009, 1,045,722 people live in the region. Over 55 percent of the population lives in urban areas. Population estimates through January 2009 show a 10.3 percent increase.

There are 344,575 occupied housing units in the region, 61 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 8, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 indicated that capacity building was the priority need, 18 percent indicated that the development of apartments was the priority need and 10 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

The poverty rate according to the 2009 Census population estimate is 18 percent. Approximately 38 percent of the 86,944 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 26 percent of the households with extreme housing cost burden. Approximately 22 percent of the households are low income and the remainder are moderate income and above.

In the region, 4,004 households lack kitchen and/or plumbing facilities; this is 5 percent of the state's total. Approximately 30 percent earn less than 30 percent of the area median income, more than 19 percent of the households earn between 31 and 50 percent, and 19 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 23,482 overcrowded households, 17 percent are extremely low income,

15 percent are very low income, another 27 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 8, 40 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 20 percent respondents who indicated that there was a minimal need for rental development.

When considering housing assistance as a category in the Community Needs Survey for Region 8, 48 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 23 percent.

Community Services Need

Region 8 has 4.7 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 8, 60 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

Housing Supply

According to the most recent US Census, there are 387,627 housing units in the region and 88.9 percent are occupied. Of the total housing stock, 67 percent are one unit, 20 percent are over two units, 12 percent are mobile homes, and the rest are boats and RVs.

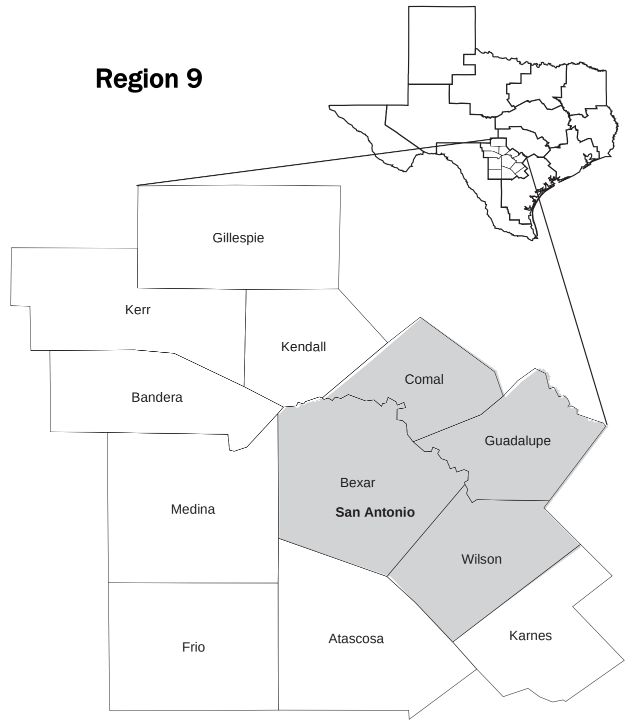
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "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	6,341	26.7%	3.2%
HUD Units	4,178	17.6%	4.1%
PHA Units	2,780	11.7%	5.0%
Section 8 Vouchers	7,621	32.1%	5.2%
USDA Units	2,820	11.9%	10.7%
HFC Units*	404		
Total	23,740	100.0%	4.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 9



San Antonio is the main metropolitan area in Region 9. According to HISTA population projections for 2009, 2,118,949 people live in the region, 73 percent in urban areas. Population estimates through January 2009 show a 18.7 percent increase.

There are 636,796 occupied housing units in the region, 65 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 9, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 percent of respondents indicated that the development of apartments was the priority need, 18 percent indicated that capacity building was the priority need and 10 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

According to the 2009 Census population estimate, there are 316,072 people that live in poverty in the region, a poverty rate of 14.9 percent. Approximately 31 percent of the 158,497 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 25 percent of the households with extreme housing cost burden. Approximately 24 percent of the households are low income and the remainder are moderate income and above.

In the region, 7,766 households lack kitchen and/or plumbing facilities; this is 9 percent of the state's total. Approximately 28 percent earn less than 30 percent of the area median income, more than 18 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 64,449 overcrowded households, 18 percent are extremely low income,

19 percent are very low income, another 26 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development activities in the Community Needs Survey for Region 9, 34 percent indicated that the need for construction and rehabilitation was the same, followed by a three way tie between construction of new units alone, minimal need for rental development and no opinion about rental units with 18 percent each.

When considering housing assistance as a category in the Community Needs Survey for Region 9, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 29 percent.

Community Services Need

Region 9 has 8.3 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 9, 41 percent indicated that weatherization and minor home repairs was the greatest need, followed by utility assistance with 29 percent.

Housing Supply

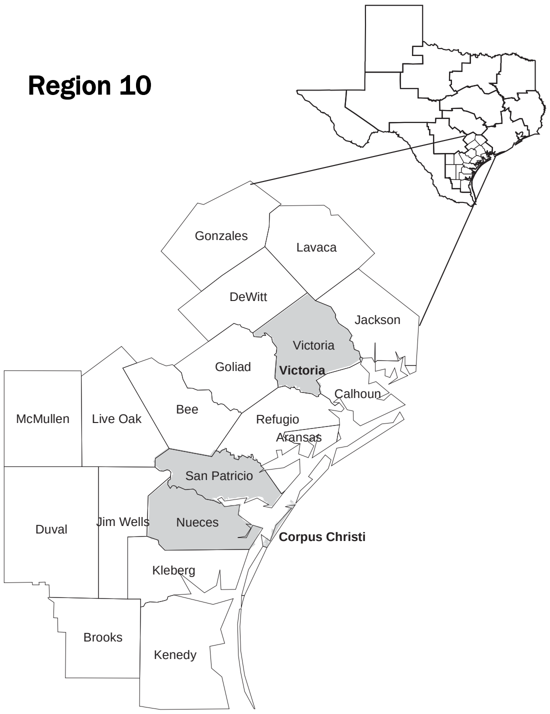
According to the most recent US Census, there are 689,862 housing units in the region and 92.3 percent are occupied. Of the total housing stock, 69 percent are one unit, 22 percent are over two units, 8 percent are mobile homes, and the rest are boats and RVs.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	16,288	31.4%	8.3%
HUD Units	12,080	23.3%	11.8%
PHA Units	7,458	14.4%	13.5%
Section 8 Vouchers	15,046	29.0%	10.3%
USDA Units	1,007	1.9%	3.8%
HFC Units*	23,015		
Total	51,879	100.0%	9.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.



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. Half of the total population of 625,952 people lives in urban areas. HISTA population projections for 2009 show a 1.4 percent increase.

There are 256,428 occupied housing units in the region, 66.8 percent are owner occupied and the rest are occupied by renters according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey for Region 10, the two greatest general needs as ranked by survey respondents were housing assistance with 53 percent of total respondents and capacity building with 29 percent of total respondents. Of the remaining respondents, approximately 19 percent indicated that the development of apartments was the priority need and 18 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was the community's priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

According to the 2009 Census population estimate, there are 115,159 people that live in poverty in the region, a rate of 18.4 percent. Approximately 35 percent of the 52,206 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 27 percent of the households with extreme housing cost burden. Approximately 21 percent of the households are low income and the remainder are moderate income and above.

In the region, 3,319 households lack kitchen and/or plumbing facilities; this is 4 percent of the state's total. Approximately 34 percent earn less than 30 percent of the area median income, 20 percent of the households earn between 31 and 50 percent, and 20 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 21,616 overcrowded households, almost 20 percent are extremely low income, 17 percent are very low income, another 22 percent are low income, and the rest of the overcrowded households are moderate income and above.

Specific Regional Housing Need Characteristics

Regarding rental development in the Community Needs Survey for Region 10, 41 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 32 percent of respondents who indicated that the need for construction and rehabilitation was the same.

When considering housing assistance in the Community Needs Survey for Region 10, 81 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 9 percent.

Community Services Need

Region 10 has 3.0 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 10, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

Housing Supply

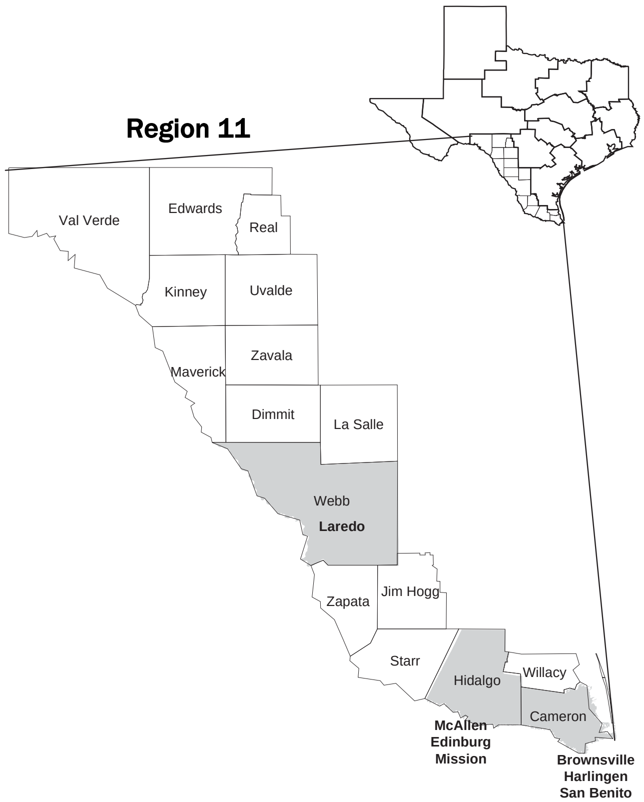
According to the most recent US Census, there are 298,494 housing units in the region and 86 percent are occupied. Of the total housing stock, 71 percent are one unit, 18 percent are over two units, 10 percent are mobile homes, and the rest are boats and RVs.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	4,862	25.4%	2.5%
HUD Units	4,236	22.1%	4.1%
PHA Units	4,459	23.3%	8.1%
Section 8 Vouchers	3,977	20.8%	2.7%
USDA Units	1,619	8.5%	6.1%
HFC Units*	1,073		
Total	19,153	100.0%	3.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.



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. Almost 59 percent of the population lives in urban areas. HISTA population projections for 2009 show a 22.5 percent increase, from 1,368,670 to 1,677,009.

There are 378,275 occupied housing units in the region: 71 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 11, the two greatest general needs as ranked by survey respondents were housing assistance with 62 percent of total respondents and development of apartments with 31 percent of total respondents. Of the remaining respondents, approximately 18 percent indicated that capacity building was the priority need, 13 percent indicated that the energy assistance was the priority need and 11 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

According to the 2009 Census population estimate, there are 526,049 people that live in poverty in the region; this is the highest poverty rate in the state. Approximately 42 percent of the 83,705 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 26 percent of the households with extreme housing cost burden. Approximately 18 percent of the households are low income and the remainder are moderate income and above.

In the region, 15,571 households lack kitchen and/or plumbing facilities; this is 19 percent of the state's total. Approximately 43 percent earn less than 30 percent of the area median income, 24 percent of the households earn between 31 and 50 percent, and 17 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of

the area median income. Of the 97,747 overcrowded households, 25 percent are extremely low income, 21 percent are very low income, another 23 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 11, 50 percent of respondents indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units alone was the greatest need.

When considering housing assistance in the Community Needs Survey for Region 11, 46 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 29 percent.

Community Services Need

Region 11 has 13.9 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 11, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

Housing Supply

According to the most recent US Census, there are 457,406 housing units in the region and 82.7 percent are occupied. 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.

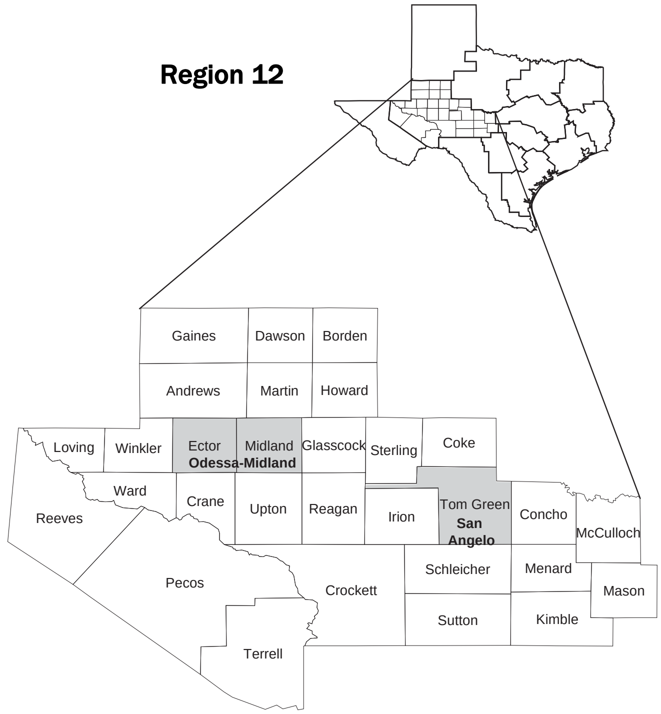
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "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	9,593	26.4%	4.9%
HUD Units	4,208	11.6%	4.1%
PHA Units	6,949	19.1%	12.6%
Section 8 Vouchers	13,553	37.3%	9.3%
USDA Units	2,003	5.5%	7.6%
HFC Units*	377		
Total	36,306	100.0%	6.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 12



Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. HISTA population projections for 2009 show that 533,294 live in the region. Fifty-six percent live in urban areas. Population estimates through 2009 show a slight increase of 3.1 percent.

There are 189,582 occupied housing units in the region, 70 percent are owner occupied and the rest are occupied by renters, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 12, the two greatest general needs as ranked by survey respondents were housing assistance with 50 percent of total respondents and development of apartments with 30 percent of total respondents. Of the remaining respondents, approximately 12 percent indicated that the energy assistance was the priority need, 9 percent indicated that capacity building assistance was the priority need and 9 percent indicated that homeless assistance was the priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

According to the 2009 Census population estimate, there are 86,417 people that live in poverty in the region. Approximately 37 percent of the 35,914 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 28 percent of the households with extreme housing cost burden. Approximately 20 percent of the households are low income and the remainder are moderate income and above.

In the region, 2,311 households lack kitchen and/or plumbing facilities; this is 3 percent of the state's total. Approximately 28 percent earn less than 30 percent of the area median income, almost 21 percent of the households earn between 31 and 50 percent, and 21 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 13,051 overcrowded households, 17percent are extremely low income,

17 percent are very low income, another 28 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 12, 42 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 33 percent of respondents who indicated that the need for construction and rehabilitation was the same.

When considering housing assistance in the Community Needs Survey for Region 12, 50 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 25 percent.

Community Services Need

Region 12 has 2.3 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 12, 46 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 42 percent.

Housing Supply

According to the most recent US Census, there are 221,968 housing units in the region and 85.4 percent are occupied. 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.

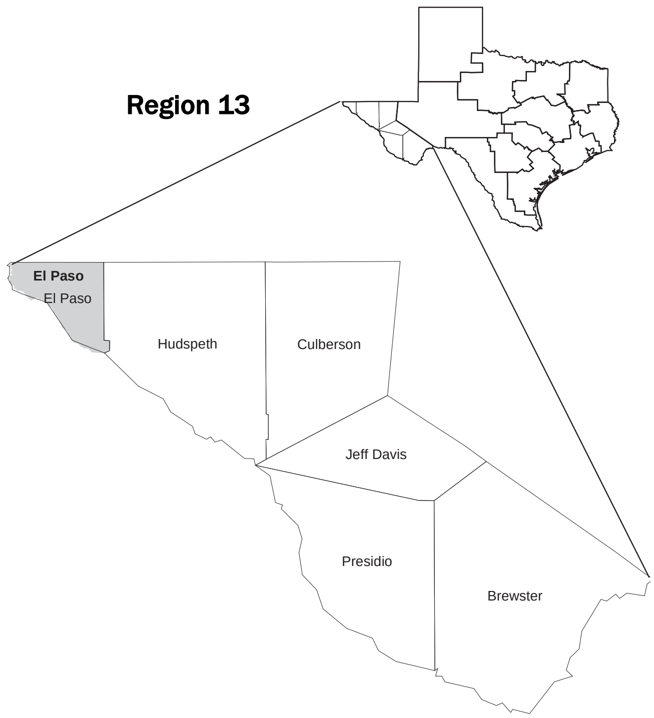
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "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	3,445	34.0%	1.8%
HUD Units	1,763	17.4%	1.7%
PHA Units	1,145	11.3%	2.1%
Section 8 Vouchers	3,058	30.1%	2.1%
USDA Units	735	7.2%	2.8%
HFC Units*	104		
Total	10,146	100.0%	1.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

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 HISTA population projections for 2009, 770,433 people live in the Region. Slightly less than 89 percent live in urban areas; this is the highest urban percentage in the state. Population estimates through 2009 show an increase of 10.4 percent.

There are 219,261 occupied housing units in the region, 64 percent are owner occupied and the rest are rentals, according to 2000 Census data.

According to TDHCA's 2006 Community Needs Survey data for Region 13, the two greatest general needs as ranked by survey respondents were housing assistance with 58 percent of total respondents and development of apartments with 43 percent of total respondents. Of the remaining respondents, approximately 27 percent indicated that homeless assistance as the priority need and 17 percent indicated that capacity building assistance was the priority need. No respondents indicated that energy assistance was their community's priority need.

Need Indicators

The housing need indicators analyzed in this section include poverty rates, housing cost burden, substandard housing conditions, and housing overcrowding for renter and owner households. Most of the following information comes from the 2000 CHAS database updated with HISTA population projections, except where noted. See tables with regional data in the Regional Housing Need Characteristics section.

Housing Need

According to the 2009 Census population estimate, there are 210,193 people that live in poverty in the region; representing the second highest poverty rate in the state at 27.3 percent. Approximately 31 percent of the 53,624 households with extreme housing cost burden earn less than 30 percent of the area median income (extremely low income). Those earning between 31 percent and 50 percent of the area median income (very low income) represent 27 percent of the households with extreme housing cost burden. Approximately 25 percent of the households are low income and the remainder are moderate income and above.

In the region, 3,913 households lack kitchen and/or plumbing facilities; this is 5 percent of the state's total. Approximately 23 percent earn less than 30 percent of the area median income, just over 27 percent of the households earn between 31 and 50 percent, and 23 percent earn between 51 and 80 percent. The remaining households that live in physically inadequate housing earn above 80 percent of the area median income. Of the 31,984 overcrowded households, 19 percent are extremely low income, 20 percent are very low income, another 23 percent are low income, and the rest of the overcrowded households are moderate income and above.

Regarding rental development in the Community Needs Survey for Region 13, 46 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 24 percent of respondents who indicated that the need for construction and rehabilitation was the same.

When considering housing assistance as a category in the Community Needs Survey for Region 13, 41 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 35 percent.

Community Services Need

Region 13 has 5.6 percent of the state's poverty households. When taking into account energy assistance in the Community Needs Survey for Region 13, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

Housing Supply

According to the most recent US Census, there are 236,572 housing units in the region and 92.7 percent are occupied. 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.

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including 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	4,858	24.4%	2.5%
HUD Units	2,395	12.0%	2.3%
PHA Units	6,228	31.3%	11.3%
Section 8 Vouchers	6,117	30.7%	4.2%
USDA Units	298	1.5%	1.1%
HFC Units*	993		
Total	19,896	100%	3.8%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

HOMELESS

This section describes the nature and extent of homelessness, including the needs of the homeless population.

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 National Alliance to End Homelessness estimates that for Texas in 2007, there were approximately 39,761 homeless people using a point-in-time estimate in January. The number of homeless in 2007 decreased from 2005 by 8.87 percent.[8] However, 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. The Texas Interagency Council for the Homeless estimates that approximately 200,000 people in Texas, or about 1 percent of the population, are homeless, which is higher than the National Alliances to End Homelessness' Point in Time estimate.[9] 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.

[8] National Alliance to End Homelessness, Homeless Research Institute. (2009, January). Homeless counts: Changes in homelessness from 2005 to 2007. Retrieved from http://www.endhomelessness.org/content/article/detail/2158.
[9] Texas Interagency Council for the Homeless. (2000). Key facts. Retrieved from http://www.tich.state.tx.us/facts.htm

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 poverty (characterized by the decline in employment opportunities and public assistance programs) and a shortage of affordable housing.[10]

HOMELESS FAMILIES WITH CHILDREN

The number of homeless families with children has increased significantly over the past decade. A 2007 US Conference of Mayors survey of 23 American cities found that homeless families comprised 23 percent of the homeless population.[11] These proportions are likely to be higher in rural areas. Research indicates that families, single mothers, and children make up the largest group of people who are homeless in rural areas. [12]

HOMELESS YOUTH

The National Alliance to End Homelessness cites a study that estimates between 1 million and 1.5 million youth age 18 or under experiences homelessness each year. The Alliance finds that this population is as risk for physical abuse, sexual exploitation, mental health disabilities, chemical or alcohol dependency, and death.[13]

HOMELESS MINORITIES

In its 2006 survey of 25 cities, the U.S. Conference of Mayor found the following demographic break down of the homeless population: 42 percent African-American, 39 percent white, 13 percent Hispanic, 4 percent Native American and 2 percent Asian.[14] However, the ethnic makeup of the homeless population will vary by geographic area.

HOMELESS IN RURAL AREAS

Based on Texas Interagency Council estimates cited above, approximately 1 percent of the Texas population is homeless. TDHCA estimates that 1 percent of the rural population would also be homeless. Rural areas typically have fewer jobs and shelters than urban areas, which makes it especially difficult for homeless persons. The National Alliance to End Homelessness reports that homeless persons in rural areas are more likely to be white, and homeless farmworkers and Native Americans are also generally found in rural areas.[15] Migrant farmworkers, because of their mobile lifestyle, extremely low incomes, and lack of affordable housing, are at a high risk for homelessness.

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[10] National Coalition for the Homeless. (2008, June). *Why are people homeless? NCH Fact Sheet #1*. Retrieved from http://www.nationalhomeless.org/factsheets/who.html

[11] National Coalition for the Homeless. (2008, June). Who is homeless? *NCH Fact Sheet #3.* Retrieved from http://www.nationalhomeless.org/factsheets/who.html

[12] Ibid.

[13] National Alliance to End Homelessness. (n.d). Youth. Retrieved from http://www.endhomelessness.org/section/policy/focusareas/youth

[14] National Coalition for the Homeless. (2008, June) Who is homeless? *NCH Fact Sheet #3.* Retrieved from http://www.nationalhomeless.org/factsheets/who.html

[15] Ibid.

HOMELESS VICTIMS OF DOMESTIC VIOLENCE

Battered women who live in poverty are often forced to choose between staying in abusive relationships and homelessness. According to the U.S. Conference of Mayors in 2007, approximately nine percent of cities cite domestic violence as the primary cause of family homelessness. [16]

HOMELESS PERSONS WITH MENTAL ILLNESSES AND DISABILITIES

Tens of thousands of homeless in Texas have physical and mental disabilities.[17] The general lack of affordable housing and the poverty of this population make it difficult for homeless persons with mental illness to access social service programs and leaves them highly susceptible to homelessness.

ELDERLY PERSONS

According to 2005 to 2007 American Community Survey, an estimated 12.4 percent of those aged 65 and over are under the poverty line. Elderly persons in poverty are at risk for homelessness.

HOMELESS VETERANS

The U.S. Department of Veteran Affairs estimates that 131,000 veterans are homeless each night. Approximately 23 percent of the homeless people are veterans. Sixty-seven percent of homeless veterans served for at least three years and 33 percent were stationed in a war zone. Many homeless veterans live with Post Traumatic Stress Disorder and substance abuse.[18]

CHRONICALLY HOMELESS PERSONS

The U.S. Department of Heath and Human Services' Ending Chronic Homelessness: Strategies for Action defines chronic homelessness as "those with a protracted homeless experience, often a year or longer, or whose spells in the homeless assistance system are both frequent and long." For instance, the presence of a disability is almost universal in this subpopulation. In addition, this population most heavily uses available services; while this subpopulation makes up approximately 10 percent of all homeless people, they use approximately 50 percent of the days of shelter provided by support systems. Even though chronically homeless people most heavily use services, their experiences with mainstream services did not effectively address their needs, possibly because many have limited family support systems or are ethnic or racial minorities. Finally, chronically homeless people often have multiple problems and face a service system that often does not offer a comprehensive set of treatments. [19]

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[16] National Coalition for the Homeless. (2008, June). Domestic violence and homelessness. *NCH Fact Sheet #7.* Retrieved from http://www.nationalhomeless.org/factsheets/domestic.html

[17] Texas Homeless Network. (2009). Homeless in Texas. Austin, TX: Author.

[18] National Coalition for Homeless Veterans. (nd). Background and statistics. Retrieved from http://www.nchv.org/background.cfm

[19] U.S. Department of Health and Human Services. (2003, March). Ending chronic homelessness: Strategies for action. Retrieved from http://aspe.hhs.gov/hsp/homelessness/strategies03/

HOMELESS PERSONS WITH HIV/AIDS

The NCH estimates that 3 to 20 percent homeless people are HIV positive.[20] 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 SUBSTANCE ABUSE

The 2007 US Conference of Mayors survey finds that 37.1 percent of homeless individuals deal with substance abuse. The survey also finds that 9.6 percent of families with children who are homeless have substance abuse in the family.[21] The Gulf Coast Addiction Technology Transfer Center and U.T. Center for Social Work Research found that 10.3 percent of clients admitted to Department of State Health Services-Funded Treatment Programs from December to January 2008 were homeless.[22] Homeless persons with substance abuse problems may require supportive services.

HOMELESS NEEDS

The "continuum of care" approach to fighting homelessness is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying unmet physical, economic, and social needs. A comprehensive system of services as well as permanent housing is needed to help homeless individuals and families reach independence using a combination of emergency shelters, transitional housing, social services, and permanent housing. The continuum of care system begins with outreach, intake, and assessment. It is followed by safe emergency shelter and/or transitional housing that provides a variety of services including job training, educational services, substance abuse services, mental health services, and family support. Ultimately, the goal is to assist the family or individual achieve permanent housing.

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. Demonstrating the need for homeless shelter and services, for the 2008 ESGP application cycle, the Department received 190 applications and was able to fund only 78.

Many of the organizations that applied to TDHCA for funding serve all homeless individuals or target families with children specifically. The Texas Health and Human Services Commission's Family Violence Program funds family violence centers located throughout the state that provide services to victims of family violence. Services for victims include 24-hour hotline guidance, information and referral services, legal services, counseling, emergency transportation, assistance in obtaining medical care and job training, and selected family violence centers provide temporary shelter services. Many of those receiving services through this program are women with children.

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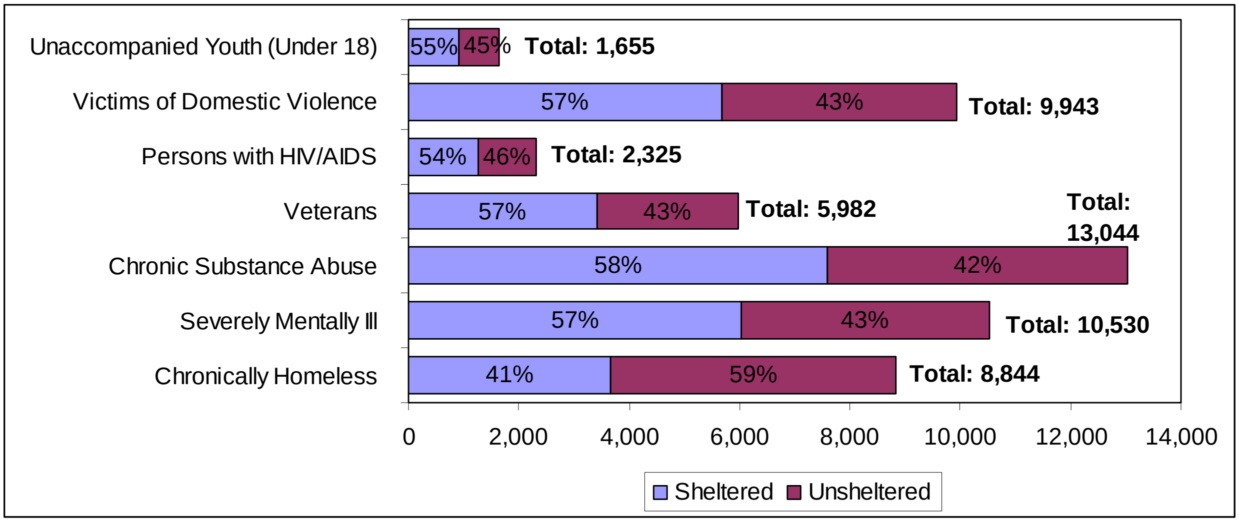
[20] Coalition for the Homeless. (2008, June). *HIV/AIDS and homelessness. NCH Fact Sheet #9.* Retrieved from http://www.nationalhomeless.org/factsheets/hiv.html

[21] Coalition for the Homeless. (2008, June). Addiction disorders and homelessness. *NCH Fact Sheet #6.* Retrieved from http://www.nationalhomeless.org/factsheets/addiction.html

[22] Maxwell, J. C. (2009, June). Substance abuse trends in Texas: June 2009. Retrieved from http://www.utexas.edu/research/cswr/gcattc/documents/Texas2009_002.pdf

Based on the 18 Continuum of Care applications that were submitted to HUD in 2008, the actual number of homeless persons counted in Texas was 40,190 persons.[23] The following table shows the homeless subpopulations counted in the 2008 Continuum of Care grant submissions:

Figure 1.13: Continuum of Care, Summary of Homeless Persons by Subpopulations Reported, 2008



Source: HUD Homelessness Resource Exchange

There is no substantive data available that describes racial and ethnic demographics of homeless populations in the state of Texas.

Table 1.14 Housing, Homeless and Special Needs

HOUSING NEEDS

Household Type	Elderly Renter	Small Renter	Large Renter	Other Renter	Total Renter	Owner	Total
0 –30% of MFI							
% Any housing problem	62.0	79.2	91.8	72.8	75.7	71.5	74.0
% Cost burden > 30	60.4	72.8	72.8	71.3	70.2	67	68.9
% Cost Burden > 50	42.6	56.6	48.2	63.3	55.3	47.4	52.2
31 - 50% of MFI							
% Any housing problem	59.9	73.8	86.3	80.3	75.6	54.2	65.3
% Cost burden > 30	58.3	62.9	42.2	78.4	63.6	46.6	55.3
% Cost Burden > 50	24.7	13.9	6.1	26.2	17.8	20.8	19.3
51 - 80% of MFI							
% Any housing problem	42.2	39.2	70.8	37.6	43.3	39.8	41.4
% Cost burden > 30	40.5	23.4	11.0	34.4	27.0	30.1	28.7
% Cost Burden > 50	12.9	1.5	0.5	2.7	2.7	7.7	5.4

[23] HUD Homelessness Resource Exchange. (n.d.). CoC maps, contacts, reports and awards. Retrieved from http://www.hudhre.info/index.cfm?do=viewHomelessRpts

Homeless Continuum of Care: Housing Gap Analysis Chart

		Current Inventory	Under Development	Unmet Need/ Gap
Individuals				
Beds	Emergency Shelter	6,841	unknown	5,087
	Transitional Housing	3,632	Unknown	6,492
	Permanent Supportive Housing	2,327	Unknown	245
	Total	12,800		11,824
Chronically Homeless		4,281	Unknown	1,070

Persons in Families with Children

Beds	Emergency Shelter	4,556	unknown	1,124
	Transitional Housing	5,455	unknown	3,641
	Permanent Supportive Housing	1,645	unknown	5,926
	Total	11,656		10,691

Continuum of Care: Homeless Population and Subpopulations Chart

Part 1: Homeless Population (as reported in ESGP reports PY 2008 Sept 2008 thru June 2009)	Sheltered		Unsheltered	Total
	Emergency	Transitional		
Number of Families with Children (Family Households)	21,067 households	Unknown	Unknown	160 households
1. Number of Persons in Families with Children	Unknown	Unknown	Unknown	Unknown
2. Number of Single Individuals and Persons in Households without Children	177			0
(Add lines Numbered 1 & 2 Total Persons)	21,244			160

Part 2: Homeless Subpopulations	Persons Sheltered	Unsheltered	Total
a. Chronically Homeless	5,932	Unknown	
b. Seriously Mentally Ill	1,572		
c. Chronic Substance Abuse	2,280		
d. Veterans	1,017		
e. Persons with HIV/AIDS	43		
f. Victims of Domestic Violence	13,385		
g. Unaccompanied Youth (Under 18)	570		

Table 1.15 Housing, Homeless and Special Needs

Special Needs (Non-Homeless) Subpopulations (as reported in ESGP reports PY 2008 Sept 2008 thru June 2009)	Unmet Need
1. Elderly	806
2. Frail Elderly	Part of Elderly
3. Severe Mental Illness	1,572
4. Developmentally Disabled	2,123
5. Physically Disabled	Part of Developmentally Disabled
6. Persons w/Alcohol/Other Drug Addictions	2,280
7. Persons w/HIV/AIDS	43
8. Victims of Domestic Violence	13,385
9. Other	

Note: Persons may be reported under more than one category

OTHER SPECIAL NEEDS POPULATIONS

This section describes the needs of other special needs populations including the elderly, frail elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS, victims of domestic violence, colonia residents, migrant farmworkers, and public housing residents.

ELDERLY POPULATION

According to the 2000 US Census, 9.9 percent of people in Texas (approximately 2 million) were 65 years of age or older. The US Census projections estimate that by 2025 the elderly population will more than double to approximately 4.3 million. Furthermore, the elderly females made up about 55 to 59 percent of the elderly population projections.[24] Rural county populations have the largest proportion of older adults. However, rural areas only account for 25 percent of the elder population.[25]

In Texas during 2005 to 2007, the median income of householders age 65 or older was approximately $30,777 in 2007 inflation-adjusted dollars. This was roughly $26,883 less than the median income of householders aged 45 to 64. During that same time frame, approximately 12.4 percent of Texans 65 or older lived below the poverty level.[26] Low incomes in addition to rising healthcare costs may make housing unaffordable. In 2008, 2,778,533 Texas received Medicare and in 2004, 85% of Texas Medicare beneficiaries were age 65 and older. Nationwide, persons who receive Medicare spend approximately 30% of their income on health care.[27]

A 2000 American Association of Retired Persons study found that 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.[28] From 2005-2007, approximately 1,140,246 elderly households aged 65 and over own their own homes; this makes up approximately 82 percent of the elderly population.[29] Elderly homeowners may live in older homes than the majority of the population; due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

Some elderly households may require in-house services such as medical treatment, meal preparation, or house cleaning. The Community Based Alternatives Program, 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.

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[24] U.S. Census. (n.d.). Projections of the population, by age and sex, of states: 1995 to 2025. Retrieved from http://www.census.gov/population/projections/state/stpjage.txt
[25] Texas Department on Aging. (2003, April). Texas demographics: Older adults in Texas. Retrieved from http://www.dads.state.tx.us/news_info/publications/studies/NewDemoProfileHi-Rez-4-03.pdf
[26] U.S. Census Bureau, 2005-2007 American Community Survey (n.d.). Subject tables. Retrieved from http://factfinder.census.gov/servlet/STSelectServlet?_lang=en&_ts=269269506494
[27] American Association of Retired Persons. (2009). Why health care reform is important in Texas. Retrieved from http://assets.aarp.org/rgcenter/health/state_hcb_09_tx.pdf
[28] Texas Department on Aging, Office of Aging Policy and Information. (2002, December). The state of our state on aging. Austin, TX: 19. Retrieved from http://www.tdoa.state.tx.us/Publications/ResearchReports/SOS-2003.pdf.
[29] U.S. Census Bureau, 2005-2007 American Community Survey. (n.d.). Subject tables. Retrieved from http://factfinder.census.gov/servlet/STSelectServlet?_lang=en&_ts=269269506494

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 2005 to 2007 American Community Survey estimates, approximately 45 percent, or 101,916 elderly persons, aged 65 and older have a disability as defined by the US Census. Of all elderly persons, approximately 35.6 percent have a physical disability and 20.4 percent have a go-outside-home disability.[30] 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.

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, and
> - is of such a nature that the ability could be improved by more suitable housing conditions.

According to the 2005 to 2007 American Community Survey, approximately 6.6 percent, or 1,383,728, Texans over the age of 5 had one disability, and 7.8 percent, or 1,635,315, Texans over the age of five had two or more disabilities for that time period. Of the people with disabilities aged 16 to 64, approximately 3.1 percent had a sensory disability (severe vision or hearing impairment), 7.1% had a physical disability (condition that substantially limits a physical activity such as walking or carrying), 4.4% had a mental disability (learning or remembering impairment), 2.1 percent had a self-care disability (dressing, bathing, or getting around inside the home), 3.1 percent had a go-outside-home disability, and 6.2 percent had an employment disability from 2005 to 2007.[31]

Housing opportunities for people with disabilities may be complicated by low incomes. The 2005 to 2007 American Community Survey estimates that 38.6 percent of persons with any disability were employed. In addition, 23.4 percent were below the poverty level for that time period.[32] 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. In nationwide study Priced Out In 2008: The Housing Crisis for People with Disabilities, a person receiving SSI as their sole source of income would need to pay 112.1 percent of their income to rent a one-bedroom unit or 99.3 percent of their income to rent a studio/efficiency.[33]

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA, and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. A cost-effective and integrative approach is to promote "adaptive design" or "universal

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[30] U.S. Census Bureau, 2005-2007 American Community Survey. (n.d.). Subject tables. Retrieved from http://factfinder.census.gov/servlet/STSelectServlet?_lang=en&_ts=269269506494

[31] Ibid.

[32] Ibid.

[33] Cooper, E., Korman, H., O'Hara, A., & Zovistoski, A. (2009, April). Priced out in 2008: The housing crisis for people with disabilities. Retrieved from http://www.endlongtermhomelessness.org/downloads/news/Priced%20Out%202008.pdf.

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. Many persons with disabilities require larger housing units because they live with family, roommates, or attendants.

Persons with Alcohol and Drug Addiction

The National Surveys on Drug Use and Health found that from 2006 to 2007 approximately 6.4 percent of Texans aged 12 or older had used an illicit drug in the past month. The Texas rate is lower than the national average of 8 percent. Also, 2.7 percent of Texans aged 12 or older were dependent on or abused an illicit drug in the past year, compared to 2.8 percent nationwide.[34] In 2006, the Texas Department of State Health Services (DSHS) admitted 14,488 adult clients with alcohol problems and 40,667 adult clients with other drug addictions to state-funded treatment programs. The average age of adult clients was 34 and approximately 21 percent of adult clients were employed. That same year DSHS admitted 566 youth clients with alcohol problems and 7,013 youth clients with other drug problems to state-funded treatment programs.[35] The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Research on the differences between rural and urban youth substance abusers in 10 treatment centers nationwide revealed that significantly more urban adolescents were minorities and significantly more rural adolescents had higher clinical severity when entering treatment. In fact, significantly higher percentages of rural adolescents used drugs or alcohol before age 15 and were diagnosed with alcohol dependence during pre-treatment. The study found that "rural populations tend to be more self-reliant and may mistrust services provided by outsiders, which may influence whether a rural youth will ultimately be referred to substance abuse services" and "lack of availability within rural communities may cause delays in the referral to substance abuse treatments" (p. 117). However, after treatment, both urban and rural groups equally showed reduction in substance use.[36]

Supportive housing programs needed for persons with alcohol and/or other drug addiction problems range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

Persons with HIV/AIDS

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to the Texas Department of State Health Services (DSHS), as of December 2007, there were 62,714 reported persons living with

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[34] Maxwell, J. C. (2009, June). Substance abuse trends in Texas: June 2009. Retrieved from http://www.utexas.edu/research/cswr/gcattc/documents/Texas2009_002.pdf

[35] Texas Department of State Health Services. (2007, December 12). Substance abuse statistics: Texas statewide totals. Retrieved from http://www.dshs.state.tx.us/sa/research/statewide-totals/

[36] Hall, J. A., et al. (2008, March). Substance abuse treatment with rural adolescents: Issues and outcomes. *Journal of Psychoactive Drugs*. 40(1), 109-120.

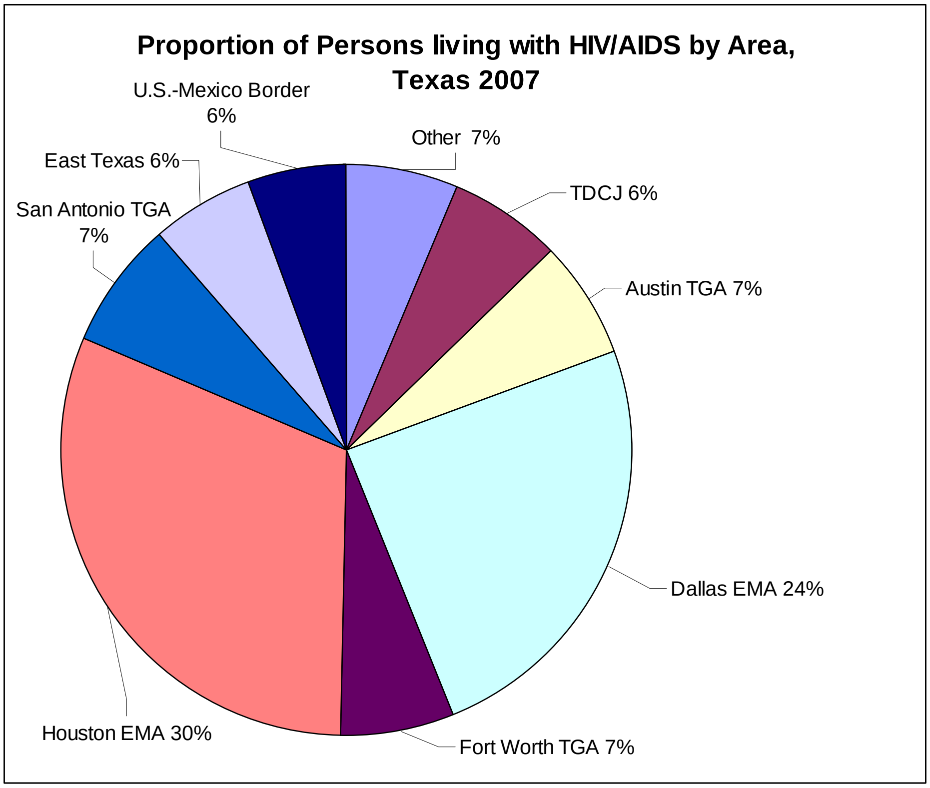
HIV/AIDS in Texas.[37] Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

Situated within a comprehensive network of HIV care services in Texas, the State of Texas HOPWA Formula program meets the unmet housing and supportive services needs of people living with HIV/AIDS (PLWHA) in Texas by providing housing assistance and supportive services to income-eligible individuals living with HIV/AIDS and their families. 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 DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston, San Antonio, and El Paso receive HOPWA funds directly from HUD.

Within DSHS, the Epidemiology and Surveillance Branch collects morbidity reports on HIV and AIDS. AIDS reporting extends back to 1980 and is considered to be relatively complete. In Texas, the reporting of pediatric HIV cases began in 1994 and adult HIV infections began in 1999 and are consequently less complete due to the shorter time data have been collected. The following facts reflect the current statistics of the HIV/AIDS epidemic in Texas based on data reported in the 2009 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning.[38]

- The number of Texans living with HIV/AIDS in 2007 (62,714) has increased about 30% over the past five years.
- In 2007, one in 379 people were living with HIV/AIDS in Texas.
- The numbers and rates of PLWHA increased substantially for both sexes, across all races/ethnicities, and across all age groups except for those less than 13 years old.
- In 2007, the rate of Black PLWHA was 4-5 times higher than the rates of White and Hispanic PLWHA.
- The distribution of cases between sexes remained the same from 2003 to 2007, with over three quarters of living cases among males.

[37]Texas Department of Health, HIV/STD Epidemiology Division, Surveillance Branch. Texas HIV/STD surveillance report: 2007 Annual Report. Austin, TX: 1. Retrieved from Texas HIV/STD Annual Report 2007; http://www.dshs.state.tx.us/hivstd/info/annual/2007.pdf
[38]2009 Texas Integrated Epidemiologic Profile for HIV/AIDS Prevention and Services Planning. Retrieved from http://www.dshs.state.tx.us/hivstd/planning/EpiProfile.pdf



VICTIMS OF DOMESTIC VIOLENCE

According to the Texas Family Code 71.004, family violence may be defined as an act intended as a threat or to result in bodily harm by a member of a household towards another household member; abuse by a household member towards a child household member; or dating violence. In 2006, there were 186,868 reported family violence incidents in Texas and approximately 120 women were killed by their intimate partner. Also in 2006, 12,356 adults received shelter from their abusive relationships and 16,968 children received shelter.[39]

Victims of domestic violence may stay in a dangerous home situation because of fear of the abuser, belief that the abuser with take the children involved, self-blame, and limited financial options.[40] Services which may help domestic violence victims move to safety include physical protection services, legal protection of his or herself and any children involved, counseling, and employment assistance.

The Texas Health and Human Services Commission Family Violence Program funds over 70 shelters for domestic violence victims that offer various services including temporary emergency shelter, hotline services, information and referral, counseling, assistance in obtaining medical care and employment, and transportation services. Some shelters have transitional living centers, which allow victims to stay for an extended period and offer additional services.

[39] Texas Council on Family Violence. (2009). Abuse in Texas. Retrieved from http://www.tcfv.org/resources/abuse-in-texas/
[40] The National Center for Victims of Crime. (2008). Domestic violence. Retrieved from http://www.ncvc.org/ncvc/main.aspx?dbName=DocumentViewer&DocumentID=32347

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
>
> (1) "Colonia" means a geographic area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, 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; or
> >
> > (B) has the physical and economic characteristics of a colonia, as determined by the department.

Major issues affecting colonias include high rates of unemployment, extremely low-incomes, lack of sufficient infrastructure for water and sewer service, higher rates of certain diseases, lack of educational resources, substandard housing and use of contract for deed. The latter two issues are directly related to housing. Housing in colonias is often constructed by residents using only available materials; professional builders are not often used.[41] According to 2000 Census data, colonias have a 75 percent homeownership rate. Despite this rate, colonia homes are inadequate: 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. It is estimated that 50 percent of colonia residents lack basic water and sewage systems: 51 percent use septic tanks, 36 percent use cesspools, 7 percent use outhouses, and 6 percent use other wastewater systems.[42]

Furthermore, properties in colonias are often 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. Contracts for deeds are often used in colonias because many residents do not have a credit history or qualification for a loan from a financial institution. Because of a lack of other options, contracts for deed often have high interest rates and are subject to abusive financial practices.[43]

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.

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[41] Federal Reserve Bank of Dallas. (n.d.). Texas colonias. Retrieved from http://www.dallasfed.org/ca/pubs/colonias.html.
[42] Moncada, N. (2001). A Colonias Primer. A briefing presented to the US Department of Housing and Urban Development. Retrieved from http://www.nationalmortgagenews.com/nmn/plus93.htm.
[43] Federal Reserve Bank of Dallas. (n.d.). Texas colonias. Retrieved from http://www.dallasfed.org/ca/pubs/colonias.html.

MIGRANT FARMWORKERS

According to the US Department of Health and Human Services Migrant and Seasonal Farmworker Enumeration Profiles Study in 2000, 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. As of 2000, the US Department of Health and Human Services estimated that there are 362,724 migrant and seasonal farm workers and families residing in Texas (p. 13-18). Of this population, 26 percent reside in Cameron, Hidalgo, and Starr Counties. [44]

The National Agricultural Workers Survey, a national survey that collected information from 6,472 crop farm workers conducted between October 1, 2000 and September 30, 2002, found that 30 percent lived below the poverty level. The average family income for crop workers was between $15,000 and $17,499. The study found that 42 percent of the crop workers in the study were migrants, defined as having traveled 75 or more miles within one year for work. The average age of crop workers was 33 and half were younger than 31. Crop workers are predominantly male at 79 percent.[45]

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.[46] In addition, migrant workers may not be able to afford security deposits, pass credit checks, or commit to long-term leases.

PUBLIC HOUSING RESIDENTS

Beginning in the 1930s, local public housing authorities (PHA) built and managed properties for low-income residents primarily through funding provided by the U.S. Department of Housing and Community Affairs (HUD). Most of the public housing developments were completed in the 1970s. By 1993, HUD created HOPE VI to replace deteriorating public housing stock with mixed-income developments. Nationwide in the mid-1990s, 61 percent of public housing is located in the central city, 19 percent in the suburbs, and 20 percent in non-metropolitan areas. The median length of stay in public housing is 4.7 years and families with children stay a median of 3.2 years.[47]

For the 18-month period ending September 30, 2008, HUD reported characteristics of 930,681 public housing residents. Notable demographics were as follows: 45.4 percent were black or African American and 51 percent were white; 22.8 percent were Hispanic or Latino and 77.2 percent were not Hispanic or

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[44] Larson, A. (2000, September). Migrant and seasonal farmworker enumeration profiles study: Texas. *US Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care.* Retrieved from http://www.ncfh.org/enumeration/PDF10 Texas.pdf

[45] Carroll et al. (2005, March). Findings from the National Agricultural Workers Survey (NAWS) 2001-2002: A demographic and employment profile of United States Farm Workers. *US Department of Labor, Office of the Assistance Secretary for Policy, and Office of Programmatic Policy.* Retrieved from http://www.doleta.gov/agworker/report9/naws_rpt9.pdf.

[46] Holden, C. (2001, October). Monograph no. 8: housing. Buda, TX: national center for farmworker health inc. *Migrant Health Issues:* 40. Retrieved from http://www.ncfh.org/docs/08%20-%20housing.pdf

[47] Turner, M. A. & Kingsley, G. T. (2008, December). Federal programs for addressing low-income housing needs: A policy primer. *The Urban Institute*. Retrieved from http://www.urban.org/uploadedPDF/411798_low-income_housing.pdf.

Latino; 75 percent were female and 25 percent were male; 34 percent were households reporting a disability; 40.7 percent were households with children.[48]

A study in 2002 found that a majority of public housing residents were employed or searching for employment. However, most residents worked part-time, low-paying jobs offering no fringe benefits.[49] Public housing residents may have educational barriers or transportation barriers that prevent them from transitioning to market-rate housing. [50]

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[48] U.S Department of Housing and Urban Development. (n.d.). The state of fair housing: FY 2008 annual report on fair housing. Retrieved from http://www.hud.gov/content/releases/fy2008annual-rpt.pdf.

[49] Martinez, J. M. (2002, September). The employment experiences of public housing residents: Findings from the jobs-plus baseline survey. Retrieved from http://www.mdrc.org/publications/25/overview.html.

[50] Turner, M. A. & Kingsley, G. T. (2008, December). Federal programs for addressing low-income housing needs: A policy primer. *The Urban Institute*. Retrieved from http://www.urban.org/uploadedPDF/411798_low-income_housing.pdf.

ESTIMATED UNITS WITH 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.[51] 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.

Lead in housing can come from a variety of sources, including, but not limited to, the following:

- Lead dust from moving parts of windows and doors that are painted with lead-based paint
- Lead dust and paint chips containing lead are produced when lead-based paint is scraped, rubbed, hit, exposed to weather, or when wind, aging, damage, and/or moisture causes paint to peel
- Lead-based paint on wood trim, walls, cabinets in kitchens and bathrooms, fences, lamp posts, etc.
- Soil contaminated from lead-based paint and leaded gasoline
- Drinking water where old lead pipes or lead solder was used

Lead contamination can occur by eating paint chips or soil that contains lead, by putting hands or other objects covered with lead dust in the mouth, or inhaling lead dust. In adults, lead inhalation or ingestion can cause fertility problems, muscle and joint pain, nerve damage, memory or concentration problems, and increase blood pressure.[52] In children, which are especially vulnerable to lead poisoning because their brains and nervous systems are still developing, even low levels of lead can cause learning disabilities, attention deficit disorders, stunted growth, behavior problems, and kidney damage.[53] In cases of high exposure, lead poising can also cause death.

For actions taken or proposed by the State to address these hazards, please see the Lead-Based Paint Hazard Mitigation section of the Strategic Plan.

[51] National Safety Council. (2009). Lead poisoning happens more than you think. Retrieved from http://www.nsc.org/resources/issues/lead.aspx.
[52] U.S. Environmental Protection Agency and U.S. Department of Housing and Community Affairs. (2003). Protect your family from lead in your home. Retrieved from http://www.epa.gov/lead/pubs/leadpdfe.pdf.
[53] National Safety Council. (2009). Lead poisoning happens more than you think. Retrieved from http://www.nsc.org/resources/issues/lead.aspx.

HOUSING MARKET ANALYSIS

§ 91.310 Housing market analysis.

(a) General characteristics. Based on data available to the State, the plan must describe the significant characteristics of the State's housing markets (including such aspects as the supply, demand, and condition and cost of housing).

(b) Homeless facilities. The plan must include a brief inventory of facilities and services that meet the emergency shelter, transitional housing, permanent supportive housing, and permanent housing needs of homeless persons within the state. The inventory should also include (to the extent the information is available to the state) an estimate of the percentage or number of beds and supportive services programs that are serving people that are chronically homeless.

(c) Special need facilities and services. The plan must describe, to the extent information is available, the facilities and services that assist persons who are not homeless but who require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.

(d) Barriers to affordable housing. The plan must explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the State are affected by its policies, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

(Approved by the Office of Management and Budget under control number 2506-0117)

[60 FR 1896, Jan. 5, 1995; 60 FR 4861, Jan. 25, 1995, as amended at 71 FR 6967, Feb. 9, 2006]

GENERAL CHARACTERISTICS

This section inventories the state's available housing based on its age and condition, unit size, affordability, and occupancy.

Housing unit affordability measures compare housing cost to local area median income. Affordable units are defined, for purposes of this Consolidated Plan, as units for which a family—at one of three specified points on the low income scale (30, 50, and 80 percent)—pays no more than 30 percent of their income for rent or no more than 2.5 times their annual income to purchase.

Note that estimates of affordable housing supply by income category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units which are considered affordable to them.

AGE OF HOUSING STOCK

The age of the housing stock provides an indication of its relative condition. Older units are more likely to require repairs, are more costly to repair and renovate, may not contain desired amenities, and are more likely to contain lead paint hazards than more recently constructed units. Lead paint hazards vary for each individual unit, but units built before 1960 present a significant risk for occupants with young children. The allowable lead content of paint declined after 1960 and was completely eliminated by 1978.

As shown in figure 2.1, 21.5 percent of all units in the state were built before 1960, with a slightly higher percentage of owner-occupied units than renter-occupied units in this category. Thirty-five percent of all housing units in Texas were built between 1960 and 1979, while 43.5 percent were built between 1980 and 2000. Graph 2.1 shows the distribution of occupied units by year built.

Figure 2.1: Distribution of Occupied Units by Year Built, 2000

# of Units	Before 1960	1960-1979	1980-2000	Total
Renter-occupied	505,271	1,045,967	1,111,869	2,663,107
Owner-occupied	1,078,263	1,528,527	2,093,255	4,700,045
Total-occupied	1,583,534	2,574,494	3,205,124	7,363,152

% of Units	Before 1960	1960-1979	1980-2000
Renter-occupied	19.0%	39.3%	41.8%
Owner-occupied	22.9%	32.5%	44.5%
Total-occupied	21.5%	35.0%	43.5%

Graph 2.1: Distribution of Occupied Units by Year Built, 2000

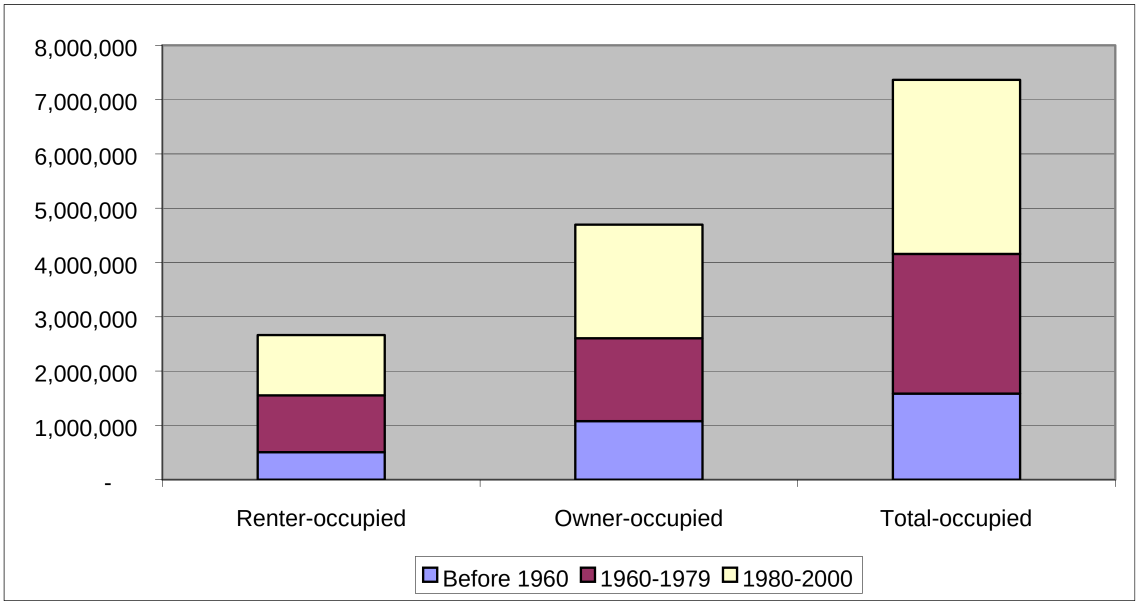
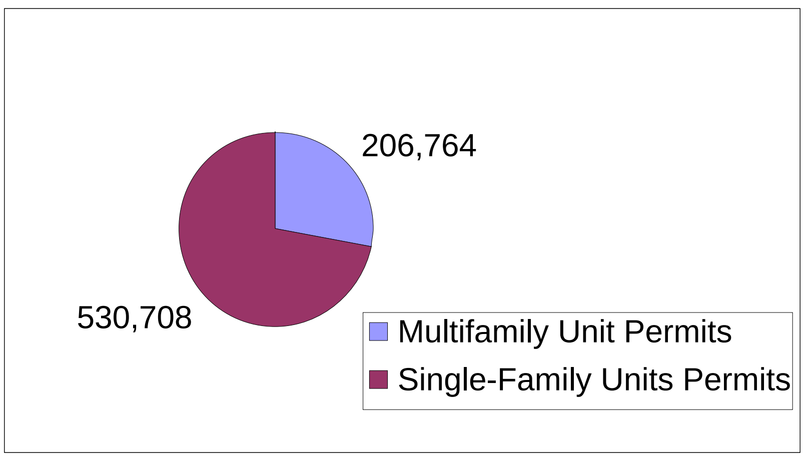


Figure 2.2a: Building Permits Issued in Texas 2005–2008



Source: Real Estate Center at Texas A&M University

Figure 2.2a and 2.2b provides the number of single and multifamily building permits issued between 2005 and 2008. At least 737,472 new units were added to Texas's housing stock during this time period. Of the total, approximately 28 percent of the permits were multifamily units and approximately 72 percent were single family dwellings. [54]

Notably, fewer permits for single-family were issued for both single-family and multifamily permits between 2007 and 2008 (see Figure 2.2b). Single-family permits decreased 33 percent, multifamily permits for two-to-four unit complexes decreased 44 percent and multifamily permits for five-or-more

[54] Real Estate Center. (2009). Building permit activity. Texas A&M University. Retrieved from http://recenter.tamu.edu/data/databp.html

units decreased 12 percent. However, from 2005 to 2008, only multifamily complexes decreased in value.[55]

Figure 2.2b: Building Permits Issued in Texas 2005–2008

Year	2005	2006	2007	2008
Single-family Unit Permits	166,203	163,032	120,366	81,107
Multifamily 2-4 Unit Permits	5,760	6,623	5,346	2,979
Multifamily 5+ Unit Permits	38,671	47,271	53,196	46,918

Source: Real Estate Center at Texas A&M University

While multifamily complexes of two-to-four units deceased 1 percent from 2006 to 2007 and multifamily complexes of five-or-more decreased approximately 9 percent from 2007 to 2008, single-family units increased in value each year from 2005 to 2008 (see Figure 2.2c). The value per dwelling unit statistic must take into account the more modest increase single-family units experienced each year and the dramatic increase in value multifamily units experienced from 2004 to 2006.[56]

Figure 2.2c: Average Value per Dwelling Unit in Texas 2005–2008

Year	2005	2006	2007	2008
Single-family Units Value % Change	5%	7%	9%	3%
Multifamily 2-4 Unit Value % Change	20%	22%	-1%	3%
Multifamily 5+ Unit % Change	22%	13%	11%	-9%

Source: Real Estate Center at Texas A&M University

Figure 2.3 shows the distribution of units by year built and affordability category. These figures demonstrate that most affordable housing units are older units and therefore have the potential for more housing problems. While 21.5 percent of all housing units were built before 1960, the percentages are greater for low income units: 28 percent of all units affordable to households at 50 percent or less of HAMFI. The numbers also show that, of the units constructed in the last decade, only a small portion is affordable to low income households. Only 30 percent of all housing units built between 1980 and 2000 are affordable to households at 50 percent or less of HAMFI, and only 28 percent of rental units built between 1980 and 2000 are affordable to this income group.

[55] Real Estate Center. (2009). Building permit activity. Texas A&M University. Retrieved from http://recenter.tamu.edu/data/databp.html

[56] Ibid.

Figure 2.4: Distribution of Units by Year Built and Affordability Category, 2000

	Before 1960			1960-1979			1980-2000			Total Occupied Units		
	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%	0-50%	51-80%	Above 80%
Renter	314,271	158,310	32,690	487,010	484,307	74,650	310,862	602,888	198,119	1,112,143	1,245,505	305,459
Owner	703,569	203,166	171,528	737,354	490,380	300,793	658,805	639,468	794,982	2,099,728	1,333,014	1,267,303
Total	204,218	361,476	204,218	1,224,364	974,687	375,443	969,667	1,242,356	993,101	3,211,871	2,578,519	1,572,762

Size Distribution of Housing Units

Figures 2.4 and 2.4a demonstrate that there is a disproportionate amount of three or more bedroom units in Texas. Figure 2.4b shows that owner units have a much higher number of 3+ bedroom units than renter units, so despite the fact that large units outnumber large families, there is still an unmet demand for affordable three-bedroom multifamily units. Because larger units tend to be more expensive than smaller units, the disproportionate number of large units leaves the existing housing stock even more inaccessible to low income families.

Figure 2.4: Distribution of Units by Size, 2000

No. of Units	0-1 Bedroom	2 Bedroom	3+ Bedroom	Total
Renter	1,122,177	954,327	586,603	2,663,107
Owner	253,498	900,662	3,545,885	4,700,045
Total	1,375,152	1,854,989	4,132,488	7,363,152

Figure 2.4a: Distribution of Units by Size, 2000

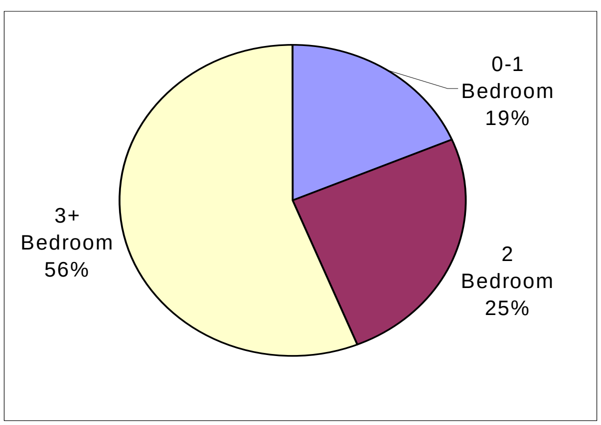
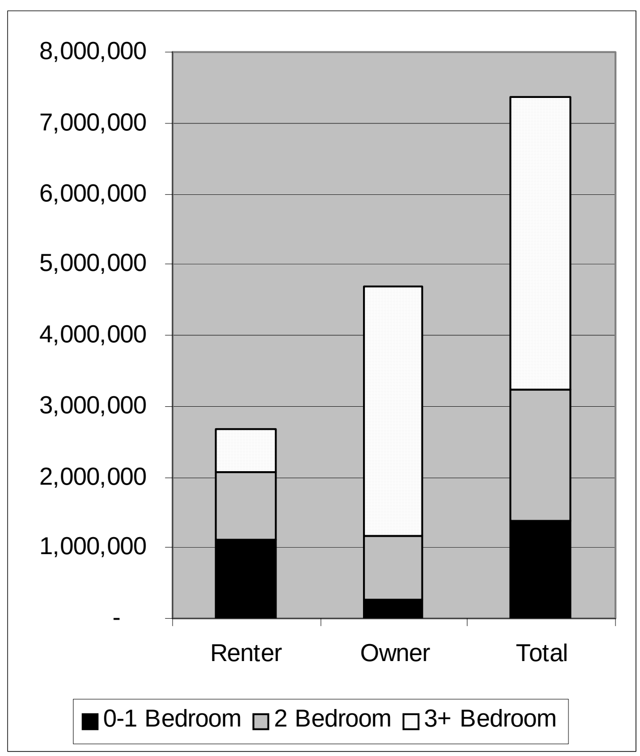


Figure 2.4b: Distribution of Units by Size, 2000



HOUSING AFFORDABILITY

Figure 2.5 shows the distribution of housing units throughout Texas by affordability category. As previously mentioned, it should be noted that estimates of affordable housing supply by income category are actually somewhat inflated. This is because affordability is computed for households at the top of each income range, meaning that households in the lower part of the income range would have to pay more than 30 percent of their income for some of the units which are considered affordable to them.

Recent studies indicate that housing affordability remains a significant problem for many low income families. A study by the National Low Income Housing Coalition indicates that 44 percent of renters in Texas are unable to afford Fair Market Rent for a two bedroom unit.[57] The same study indicates that an individual working at minimum wage ($5.15/hr) would have to work 104 hours a week to afford a two bedroom apartment at Fair Market Rent. Based on the affordability measure of 2.5 times a household's annual income, it becomes apparent that buying a home is made difficult, if not impossible, for extremely low, very low and low income families (with annual incomes of $15,900, $26,500, and $42,400 respectively) when the 2003 median Texas home sales price is $127,900.[58]

As illustrated in Figure 2.5, about 44 percent of the total housing stock is affordable to households with incomes at 0-50 percent of HAMFI. An additional 35 percent of the housing stock is affordable to households with incomes at 51-80 percent of HAMFI. This means that a total of 79 percent of the housing stock in Texas, or 89 percent of the rental stock and 73 percent of the owner stock, is affordable at 80 percent of HAMFI.

As will be shown later, this seeming availability of affordable housing does not translate into an affordable housing surplus. For a variety of reasons, affordable housing is not available to many low income families. Major reasons include housing size mismatches, the unequal geographic distribution of affordable housing units, and limitations on the supply of affordable housing because of occupation by higher income groups.

The information presented in figure 2.5 must be considered together with information portrayed in the next section, housing mismatch. As the section on housing mismatch will illustrate, the majority of affordable housing is often occupied by persons in higher income levels.

[57] National Low Income Housing Coalition. (2003). Out of reach. Retrieved from http://www.nlihc.org/oor2003/data.php?getstate=on&state%5B%5D=TX

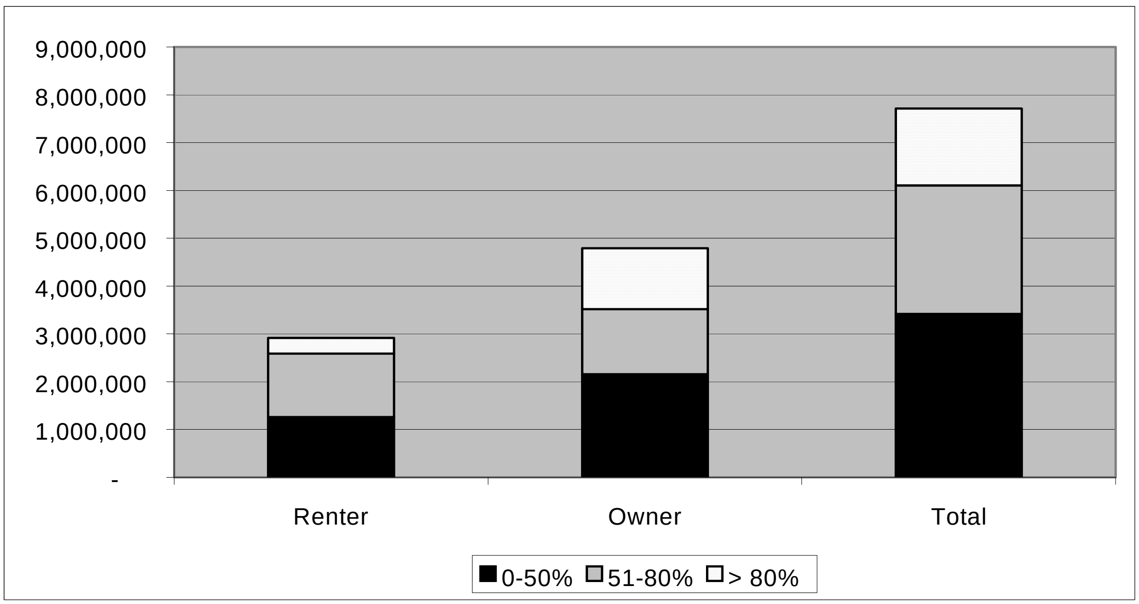
[58] Real Estate Center. Texas residential MLS activity median price. Texas A&M University.

Figure 2.5: Distribution of Housing Units by Affordability Category, 2000

No. of Units	0-50%	51-80%	> 80%	Total
Renter	1,260,318	1,327,506	328,891	2,916,715
Owner	2,158,084	1,355,740	1,279,595	4,793,419
Total	3,418,402	2,683,246	1,621,592	7,723,240

Pct. of Units	0-50%	51-80%	> 80%
Renter	43.2%	45.5%	11.3%
Owner	45.0%	28.3%	26.7%
Total	44.3%	34.7%	21.0%

Figure 2.5: Distribution of Housing Units by Affordability Category, 2000 - Texas



HOUSING MISMATCH

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. For each income category, it has been assumed that households are matched to units in their affordability range. In actuality, however, higher income households often reside in units that could be affordable to the lowest income households. For example, households that have incomes greater than 80 percent of the median income greatly outnumber the housing units in this specific affordability category. Households in this category can afford units in any of the defined affordability categories. Non-low income households often limit the supply of affordable housing units available to low income households. Therefore, estimates of housing shortfalls should be treated as lower-bound estimates, and estimates of housing surplus are undoubtedly overstated.

Figures 2.6a and 2.6b describe the housing market interaction of various income groups and housing costs. These figures show the income classifications of the occupants of housing units. These figures also illustrate 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. These figures illustrate housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Figure 2.6a
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%

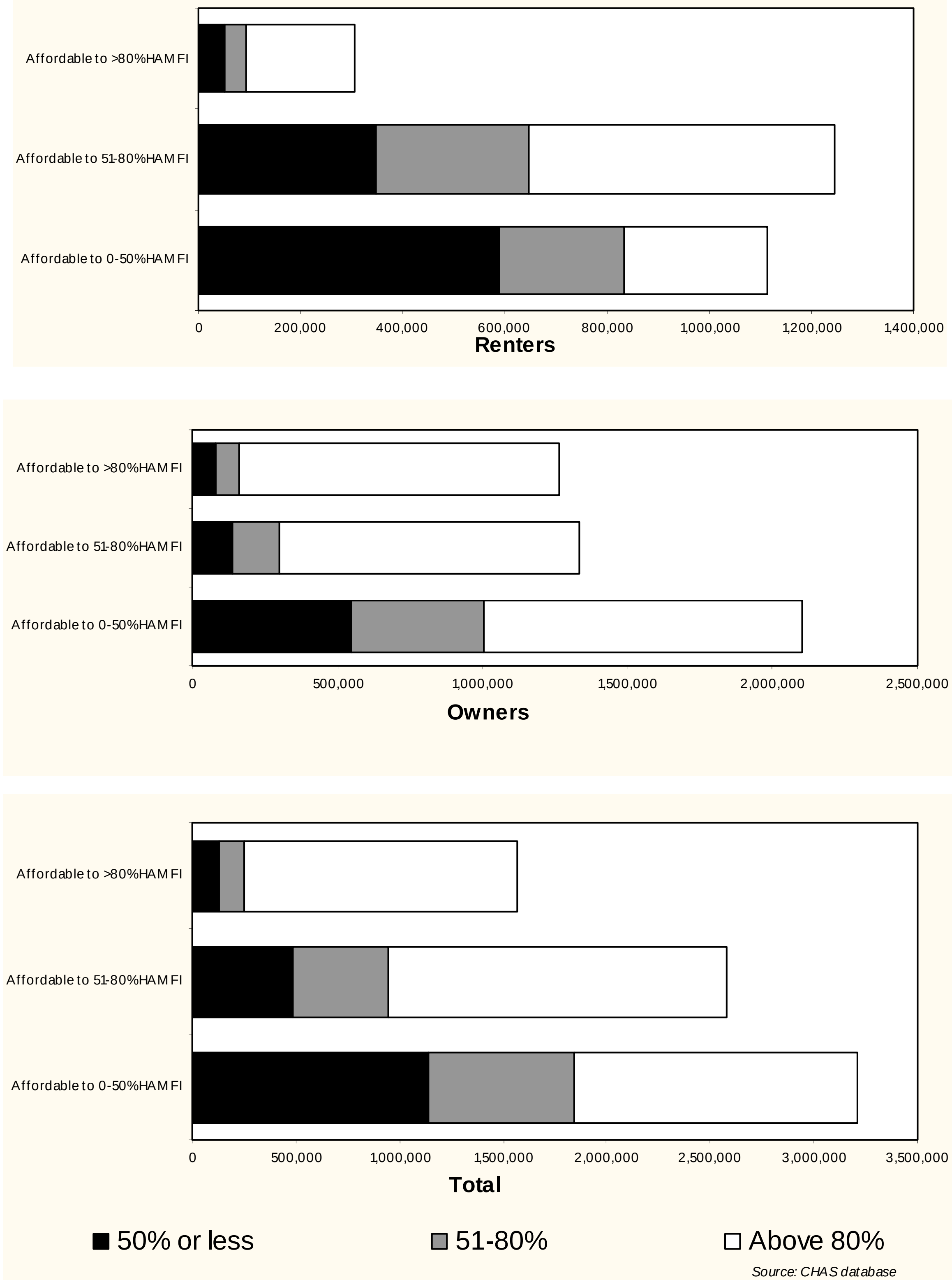
Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

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: CHAS database

Figure 2.6b

Distribution of Housing Units by Affordability Category, 2000



Source: CHAS database

CHRONIC HOMELESSNESS

Based on the 78 Emergency Shelter Grants Program (ESGP) organizations funded in PY 2008, it is estimated that 30 of the 78 organizations serve the chronically homeless. The Department estimates that 4,281 beds were available from the funded organizations for PY 2008. The Department is not aware of how many of the beds are utilized to shelter chronically homeless individuals. Twenty of these organizations that serve the chronically homeless are Salvation Army organizations. These organizations are located across the State.

The following inventory is an account of all the Emergency, Transitional Housing, and Permanent Supportive Housing beds reported in the 2008 Continuum of Care applications. These beds represent 190 Texas counties that applied for funding in 2008:

Emergency Shelter		
	Existing Beds	Unmet Need
Family Beds	4,556	1,124
Individual Beds	6,841	5,087
Total	11,397	6,211

Transitional Housing		
	Existing Beds	Unmet Need
Family Beds	5,455	3,641
Individual Beds	3,632	6,492
Total	9,087	10,133

Permanent Supportive Housing		
	Existing Beds	Unmet Need
Family Beds	1,645	5,926
Individual Beds	2,327	245
Total	3,972	6,171

HOMELESS FACILITIES

The following programs provide services that meet the emergency shelter needs of homeless persons.

TEXAS HEALTH AND HUMAN SERVICES COMMISSION ADDRESSES HOMELESSNESS

The Texas Health and Human Services Commission (HHSC) administers various programs that encourage self-sufficiency; sustain families and individuals in times of need; and promote choice, safety and independence for the elderly, people with disabilities and families.

Family Violence Program

The Texas Health and Human Services Commission funds family violence centers located throughout the state that provide services to victims of family violence. Services for victims include 24-hour hotline guidance, information and referral services, legal services, counseling, transportation services and assistance in obtaining medical care and job training. Selected family violence centers provide temporary shelter services. To be eligible for services, a client must be physically, emotionally or sexually abused by a partner, former partner or another family or household member.

TEXAS DEPARTMENT OF STATE HEALTH SERVICES ADDRESSES SPECIAL NEEDS

The Texas Department of State Health Services' (DSHS) mission is to improve the health and well-being in Texas. To achieve its mission, DSHS is responsible for certifications, licenses and permits for certain health-related equipment, facilities, businesses and occupations; community mental health and family health resources; substance abuse recovery resources; vital records, such as birth, death, marriage and divorce records; and health-related data and reports.

Projects for Assistance in Transition from Homelessness (PATH)

The Department of State Health Services Community Mental Health and Substance Abuse Division receives funds through the federal government's Center for Mental Health Services. Funds are used for administration of homelessness prevention services and mental health crisis services. Funds are available to subdivisions of state of Texas, units of local government and non-profit entities.

U.S. DEPARTMENT OF VETERANS AFFAIRS ADDRESSES HOMELESSNESS

The U.S. Department of Veterans Affairs (VA) is the federal agency responsible for providing federal benefits to veterans and their dependents. These benefits include healthcare, financial compensation and pension, education and training assistance, insurance services, home loan assistance and homeless assistance programs.

Comprehensive Homeless Centers

Comprehensive Homeless Centers offer a full range of VA homeless services and coordinate with non-VA service providers to assist homeless veterans. These centers are located in Anchorage, AK; Brooklyn, NY; Cleveland, OH; Dallas, TX; Little Rock, AR; Pittsburgh, PA; San Francisco, CA; and West Los Angeles, CA. They provide a comprehensive continuum of care that reaches out to homeless veterans and helps them escape homelessness.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS ADDRESSES HOMELESSNESS

Homelessness Prevention and Rapid Re-Housing Program

The Homelessness Prevention and Rapid Re-Housing (HPRP) Program provides homelessness prevention assistance to households who would otherwise become homeless and provides assistance to rapidly re-house persons who are homeless. Made available through the American Recovery and Reinvestment Act of 2009, the U.S. Department of Housing and Urban Development (HUD) will provide the State of Texas, through TDHCA funding for HPRP, a program which will last approximately three years.

Funds to awarded program administrators can be used for four activities. (1) Financial assistance is limited to short-term (up to 3 months) and medium-term (up to 18 months) rental assistance; security deposits; utility deposits and payments; moving cost assistance; and motel and hotel vouchers. (2) Housing relocation and stabilization services are limited to case management (e.g. arrangement, coordination, monitoring and delivery of services related to meeting housing needs); outreach and engagement; housing search and placement; legal services (e.g. legal advice and representation in administrative or court proceedings related to tenant/landlord matters or housing issues, excluding mortgage legal services); and credit repair. (3) Data collection and evaluation including the use of the Homeless Management Information Systems (HMIS); or the use of a comparable client-level database. (4) Administrative costs are the fourth activity that can be funded through HPRP. On July 30, 2009, the TDHCA Board authorized funding awards to 59 recipients totaling approximately $40 million.

Eligible applicants include units of general local government and private nonprofit organizations whose professional activities include the promotion of social welfare and the prevention or elimination of homelessness.

Homeless Housing and Services Program

Funded with state appropriated funds, the Homeless Housing and Services Program's (HHSP) purpose is assisting regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. Beginning in 2010, funding for this program shall be awarded by TDHCA through a competitive matching grant process whereby the eight largest cities may seek additional funding for this purpose. The agency shall distribute these funds to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures. Eligible entities are the eight largest cities in Texas.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) funds entities that provide shelter and related services for homeless persons. For purposes of this plan, statewide information on homeless service providers has been collected from the ESGP applications that were submitted for funding in 2009. This is not a comprehensive listing of service providers. Because some local governments receive ESGP funding directly from the US Department of Housing and Urban Development, organizations that apply for these local ESGP funds are not included. Below is a list of applications for ESGP funding in 2009.

REGION 1 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Amarillo, City of	Potter	At-Risk Homeless, All Homeless, Youth, Mentally Ill	281
Panhandle Crisis Center	Ochiltree, Hansford, Lipscomb	Domestic Violence Victims; Sexual Assault Victims	10
Crisis Center of the Plains	Briscoe, Castro, Floyd, Hale, Hall, Motley, Swisher, Lamb	Domestic Violence Victims, Substance Abuse	7
Driskill Halfway House, Inc.	Briscoe, Castro, Floyd, Hall, Hale, Swisher	All Homeless	16
Women's Protective Services of Lubbock	Bailey, Cochran, Crosby, Dickens, Garza, Hockley, King, Lamb, Lubbock, Lynn, Terry, Yoakum	Domestic Violence Victims	206

REGION 2 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
First Step of Wichita Falls, Inc.	Archer, Baylor, Childress, Clay, Cottle, Hardeman, Foard, Jack, Montague, Young, Wilbargar, Wichita	Domestic Violence Victims	35
Abilene Hope Haven, Inc	Taylor	All Homeless	45
Pecan Valley Regional Domestic Violence Shelter, Inc.	Brown, Coleman, Comanche	Domestic Violence Victims, Sexual Abuse Victims	31
Salvation Army at Abilene	Taylor	All Homeless	92

REGION 3 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
The Family Place	Dallas	Domestic Violence Victims,	100
Salvation Army - Arlington Family Life Center	Tarrant	Homeless Families	15
Promise House, Inc.	Dallas	Youth, At-Risk Homeless	20
Grayson County Shelter	Grayson	All Homeless	14
Irving, City of	Dallas	All Homeless	18
Safe Haven of Tarrant County	Tarrant	Domestic Violence Victims	102
Denton, City of	Denton	Domestic Violence Victims, At-Risk Homeless, All Homeless, Families With Children	30
Johnson County Family Crisis Center	Johnson	Domestic Violence Victims	30
Mission Granbury, Inc.	Hood	Domestic Violence Victims, At-Risk Homeless,	40

REGION 3 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Grayson County Juvenile Alternatives, Inc.	Grayson, Fannin, Cooke	Youth	12
Daniel's Den, Inc.	Ellis	All Homeless	
New Beginning Center, Inc.	Dallas	Domestic Violence Victims	36
Four Rivers Outreach	Grayson	At-Risk Homeless, Addicted Culture	26
Salvation Army – Denton Corps	Denton	Homeless/At-Risk Individuals	460
Arlington Life Shelter	Tarrant	All Homeless	87
Dallas Jewish Coalition	Tarrant	Homeless children ages six weeks to 5 years	0
Dallas Mission for Life	Dallas	All Homeless	480
Salvation Army First Choice Program	Tarrant	Other Homeless, Chemically Dependent Women With Children	33
Collin Intervention to Youth	Collin	Youth	15
Hope's Door, Inc.	Collin, Dallas	Domestic Violence Inc.	19
Salvation Army Casa Youth Emergency Shelter	Dallas	Youth	16
Salvation Army Sherman	Grayson	All Homeless	29
Salvation Army Carr P. Collins Social Service Center	Dallas	At-Risk Homeless	0

REGION 4 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Randy Sams Outreach Shelter, Inc.	Bowie	Domestic Violence Victims, Mentally Ill, AIDS Victims, All Homeless, Veterans Formerly Incarcerated	110
Salvation Army – Tyler	Smith	At-Risk Homeless, All Homeless	300

Homeless Facilities

REGION 4 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Shelter Agencies for Families in East Texas, Inc.	Titus, Camp, Delta, Franklin, Morris, Hopkins, Lamar, Red River, Wood	Domestic Violence Victims	30
Sabine Valley Regional MHMR Center	Bowie, Cass, Gregg, Harrison, Marion, Panola, Red River, Rusk, Upshur	Mentally Ill	60
The Salvation Army – Longview	Gregg	All Homeless	300
East Texas Crisis Center	Smith, Wood, Rains, Van Zandt, Henderson	All Homeless	48
Kilgore Community Crisis Center	Gregg, Rusk, Panola	Domestic Violence Victims	23

REGION 5 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Just Out - Fresh Start, Inc.	Jefferson	At-Risk Homeless, All Homeless	27
Love I.N.C. of Nacogdoches	Nacogdoches County	At-Risk Homeless	0
The Salvation Army, A Georgia Corporation for Lufkin	Angelina	All Homeless	39
Women's Shelter of East Texas, Inc.	Angelina, Nacogdoches, Polk, Houston, San Augustine, San Jacinto, Shelby, Sabine and Trinity	Domestic Violence Victims, At-Risk Homeless	63
Port Cities Rescue Mission Ministries	Jefferson	Homeless Individuals with substance abuse issues	35
Family Services of Southeast Texas, Inc.	Hardin, Jasper, Jefferson, Newton, Orange, Tyler	Domestic Violence Victims	70

REGION 6 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
The Bridge Over Troubled Waters, Inc.	Harris County	Domestic Violence Victims	75

REGION 6 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Covenant House Texas	Harris	Youth	135
Memorial Assistance Ministries	Harris County	At-Risk Homeless, Other Families	0
Westside Homeless Partnership	Harris County	At-Risk Homeless, Other Homeless Families With Children	0
SEARCH	Harris	All Homeless	0
The Salvation Army, a Georgia Corp., for Galveston	Galveston	Domestic Violence Victims, Mentally Ill, AIDS Victims, At-Risk Homeless, All Homeless	118
The Women's Home	Harris and surrounding counties	Mentally Ill, All Homeless, Other Substance Abuse, Women	57
Star of Hope Mission	Harris	All Homeless	294
Harmony House, Inc.	Houston	Other Homeless Men	70
Santa Maria Hostel, Inc.	Harris County	All Homeless	40
Wesley Community Center, Inc. of Houston, TX	Harris	At-Risk Homeless, All Homeless	0
Harris County Community Services Department	Harris	At-Risk Homeless	0
Houston Area Women's Center	Harris	Domestic Violence Victims, At-Risk Homeless	125
Wheeler Avenue 5Cs, Inc.	Harris	All Homeless	36
The Missions of Yahweh, Inc.	Harris	Domestic Violence Victims, Youth, Mentally Ill, AIDS Victims, Other Homeless Women and Children	75
Fort Bend County Women’s Center, Inc.	Fort Bend, Harris	Domestic Violence Victims	65
YWCA Gateway Branch Adult Services	Harris	At-Risk Homeless, Other Young Females Aging Out of Foster Care	0
Northwest Assistance Ministries	Harris	All Homeless	0
Bread of Life	Harris	Mentally Ill, Aids Victims, At-Risk Homeless, All Homeless	0

REGION 6 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Focusing Families	Waller, Austin, Washington, Grimes	Domestic Violence Victims	8
Salvation Army at Houston Social Services	Harris	At-Risk Homeless	0
Montgomery County Women's Center	Montgomery, Harris, Liberty	Domestic Violence Victims	34
The Children's Center, Inc.	Galveston	Domestic Violence Victims, Youth, Mentally Ill, AIDS Victims, At-Risk Homeless	52
Eagle's Lift Ministries	Harris, Brazoria	Other Female Homeless	10
Mary's Miracles Outreach Program, Inc.	Harris	Domestic Violence Victims, Mentally Ill, AIDS Victims, All Homeless, Other Chemically Dependent,	16

REGION 7 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Bastrop County Women's Shelter	Bastrop, Fayette and Lee Counties	Domestic Violence Victims	116
Advocacy Outreach	Bastrop, Southeastern Travis (Manor area)	At-Risk Homeless, All Homeless	0
Hays County Women's Center	Hays, Caldwell	Domestic Violence Victims, AIDS Victims, All Homeless	34
Highland Lakes Family Crisis Center, Inc.	Burnet	Domestic Violence Victims	37
Travis County Domestic Violence and Sexual Assault	Travis	Domestic Violence Victims	122
Casa Marianella	Travis	All Homeless	20
Williamson-Burnet County Opportunities, Inc.	Williamson	At-Risk Homeless	25
Youth and Family Alliance	Travis	Homeless Youth from 10-21 years	26
Salvation Army at Austin	Travis	All Homeless	335

REGION 8 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Family Abuse Center, Inc.	McLennan, Falls, Bosque, Freestone, Limestone, Hill	Domestic Violence Victims	50

REGION 8 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Families In Crisis, Inc.	Bell, Coryell, Hamilton	Domestic Violence Victims	76
The Salvation Army – Waco	McLennan	At-Risk Homeless, All Homeless	22
Faith Mission and Help Center, Inc.	Washington County	At-Risk Homeless, All Homeless	50
Compassion Ministries of Waco, Inc.	McLennan	All Homeless	60
Twin City Mission, Inc.	Brazos, Burleson, Grimes, Leon, Madison, Milam, Robertson, Washington	Domestic Violence Victims, All Homeless	137

REGION 9 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Seton Home	Bexar	Youth, All Homeless	40
Family Violence Prevention Services, Inc.	Bexar	Domestic Violence Victims	152
The Salvation Army, San Antonio	Bexar	At-Risk Homeless, All Homeless	376
Connections Individual and Family Services, Inc.	Comal and San Patricio and surrounding cities of Aransas, Atascosa, Bastrop, Bee Caldwell, Frio Goliad, Gonzales, Guadalupe, Karnes, Lee, Live Oak, McMullen, Refugio, Wilson, Zavala	Youth, At-Risk Homeless, Other Homeless Families (Trans Housing)	41
Ellis Community Resources, Inc.	Comal	All Homeless	0
Comal County Family Violence Shelter, Inc.	Comal	Domestic Violence Victims,	46
The Salvation Army – Kerrville	Kerr	Domestic Violence Victims, Mentally Ill, AIDS Victims, At-Risk Homeless, All Homeless	28
Catholic Charities, Archdiocese of San Antonio	Bexar	All Homeless	9
San Antonio Metropolitan Ministry, Inc.	Bexar	All Homeless Individuals, Priority Given to Families with Children	573
Community Council of South Central Texas	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	Homeless	0
St. Peter-St. Joseph Children's Home	Bexar	At-Risk Homeless	0

REGION 10 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Women's Shelter of South Texas	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	Domestic Violence Victims	65
Corpus Christi Hope House, Inc.	Nueces County	Domestic Violence Victims, At-Risk Homeless, Other Women/Children	29
The Salvation Army - Corpus Christi, TX	Nueces County	All Homeless	102
Mid-Coast Family Services, Inc.	Victoria	All Homeless	26
Corpus Christi Metro Ministries, Inc.	Nueces, Bee, San Patricio, Jim Wells, Kleberg	Domestic Violence Victims	34
Salvation Army – Victoria	Victoria	All Homeless	31

REGION 11 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Family Crisis Center, Inc.	Cameron, Willacy Counties	Domestic Violence Victims, All Homeless	96
Providence Ministry Corp.	Cameron, Willacy Counties	Other Asylum seekers, Asylees, Immigrants	22
Friendship of Women, Inc.	Cameron	Domestic Violence Victims, Youth, Mentally Ill, AIDS Victims, At-Risk Homeless and All Homeless	19
Wintergarden Women's Shelter, Inc.	Dimmit, Maverick, Zavala and La Salle	Domestic Violence Victims	17
Women Together Foundation, Inc.	Hidalgo	Domestic Violence Victims, Other Sexual Assault Survivors	45
City of Brownsville	Cameron	All Homeless	120
Amistad Family Violence and Rape Crisis Center	Val Verde, Kinney, Edwards	Domestic Violence Victims	26
Bethany House of Laredo	Webb	Domestic Violence Victims, Youth Mentally Ill, AIDS Victims, At-Risk Homeless, All Homeless	28
Advocacy Resource Center for Housing	Hidalgo	At-Risk of Homelessness	0
Salvation Army – McAllen	Hidalgo	At-Risk Homeless, All Homeless	0

REGION 12 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
Midland Fair Havens, Inc.	Midland	Other Women and Children	30
Institute of Cognitive Development, Inc.	Tom Green	Domestic Violence Victims	44
The Salvation Army – Odessa	Ector	At-Risk Homeless, All Homeless,	38

REGION 13 SERVICE PROVIDER	COUNTIES IN SERVICE AREA	TARGET POPULATION	BEDS
El Paso Villa Maria, Inc.	El Paso County	Other single Women who are Homeless	22
International AIDS Empowerment	El Paso County	AIDS Victims	0
Opportunity Center for the Homeless	El Paso	All Homeless	130
Child Crisis Center of El Paso	El Paso County	At-Risk Homeless, Other Homeless Children 0 through 13	31
La Posada Home	El Paso	Domestic Violence Victims, All Homeless	50
Project Vida	El Paso	All Homeless	6
Rescue Mission of El Paso	El Paso	All Homeless	143
Sin Fronteras Organizing Project	El Paso	All Homeless	120
Center Against Family Violence	El Paso, Hudspeth, Culberson	Domestic Violence Victims	84
YWCA El Paso del Norte Region	El Paso	Domestic Violence Victims	20

TOTAL BEDS FOR ALL REGIONS: 8,373

SPECIAL NEED FACILITIES AND SERVICES

The following state agencies provide facilities and/or services that assist persons who require supportive services.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS ADDRESSES SPECIAL NEEDS

Community Services Block Grant

The Community Services Block Grant (CSBG) provides administrative support to a network of local Community Action Agencies (CAAs) and other eligible entities that provide services to very low-income persons or persons at or below 125% of federal poverty guidelines. The funding assists in providing essential services including access to child care; health and human services for children, families and the elderly; nutrition; transportation; job training and employment services; housing; substance abuse prevention; migrant assistance; emergency financial assistance; and other related services.

TDHCA funds local organizations, generally local CAAs, that provide these services to low-income households.

TEXAS HEALTH AND HUMAN SERVICES COMMISSION ADDRESSES SPECIAL NEEDS

The Texas Health and Human Services Commission (HHSC) administers various programs that encourage self-sufficiency; sustain families and individuals in times of need; and promote choice, safety and independence for the elderly, people with disabilities and families.

Temporary Assistance for Needy Families

The Temporary Assistance for Needy Families (TANF) Program provides financial assistance to families with needy children. Funds are available monthly for food, clothing, housing, utilities, furniture, transportation, laundry, household equipment, medical supplies not paid by Medicaid and other necessities. Low-income families are eligible if they include children 18 years of age or younger and do not exceed income qualifications. Grandparents caring for one or more grandchildren who receive TANF may be eligible for a one-time supplemental payment of $1,000.

Food Stamp Program

The Food Stamp Program is a federally-funded program that helps eligible low-income families and individuals purchase nutritious food from local food stores. There are income requirements for people with children, the elderly and persons with disabilities. For individuals, applicants must meet income and employment requirements and assistance may be limited.

Medicaid

Medicaid is a state-administered program that pays for most medical services for eligible low-income families, children, people who are elderly and people with disabilities. Households that receive Temporary Assistance for Needy Families, Refugee Cash Assistance and Supplemental Security Income are automatically eligible for Medicaid and other people may qualify based on their income and resources. In most cases, Medicaid pays for doctors' services, laboratory and X-ray charges, medicine, nursing facility and hospital services, family planning, eyeglasses, hearing aids, selected community care services and other health care services. This program should not be confused with Medicare, which is a federal health insurance program for people over 65.

TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES ADDRESSES SPECIAL NEEDS

The Texas Department of Aging and Disability Services (DADS) is the State's lead agency responsible for serving Texans 60 years of age and older. DADS administers various services through local Area Agencies on Aging (AAAs) that include in-home assistance, transportation services, care coordination, legal assistance, health maintenance and meal services. DADS may allocate a limited amount of funding to local AAAs for home repair activities.

Community Care for the Aged and Disabled

Community Care programs provide in-home and community-based services to the elderly and people with disabilities and allow them to remain in their own homes and communities. Certain services are available to functionally-impaired children who have an established need and most programs have income limits and other requirements. Programs offered include Adult Foster Care, Community Attendant Services, Community Based Alternatives, Community Living Assistance and Support Services, Consumer Managed Personal Assistance Service, Day Activity and Health Services, Deaf-Blind with Multiple Disabilities, Emergency Response Services, Family Care Services, Home-Delivered Meals, Home and Community-based Services, Hospice Services, In-Home and Family Support Program, Intermediate Care Facilities for Persons with Mental Retardation, Mental Retardation Community Services, Medically Dependent Children Program, Primary Home Care, Residential Care, Special Services to Persons with Disabilities, State Mental Retardation Facilities, Program of All-Inclusive Care for the Elderly, Residential Care, Special Services to Persons with Disabilities, and Texas Home Living Program.

Services Offered Through Area Agencies on Aging

Local AAAs offer various services for senior citizens and their caregivers. Services may include Access and Assistance Services, which include care coordination, caregiver support, education on benefits awareness and advocacy; Caregiver Support Services which includes caregiver respite care-in-home; Nutrition Services, which includes home-delivered meals; and In-Home Support Services, which includes housekeeping and health screening. Many AAAs also maintain senior centers.

TEXAS DEPARTMENT OF ASSISTIVE AND REHABILITATION SERVICES ADDRESSES SPECIAL NEEDS

The Texas Department of Assistive and Rehabilitation Services' (DARS) purpose is to work in partnership with Texans with disabilities and families with children who have developmental delays to improve the quality of their lives and to enable their full participation in society.

Vocational Rehabilitation Program

The Vocational Rehabilitation program helps people with disabilities gain and keep employment. This program may provide counseling, training, medical treatment, assistive devices, and job placement assistance. Services may also include assistance to students with disabilities transition from school to work. Eligible participants include people with the presence of a physical or mental disability that results in a substantial impediment to employment, determination of whether the individual will be employable after receiving services and determination of weather serves are required to achieve employment. People with disabilities who have been injured on the job and partners with the Office of Injured Employee Council may also be eligible.

Independent Living Services and Centers

The Independent Living Services and Centers promote self-sufficiency of clients despite significant disabilities. Services include providing for improved mobility, communication, personal adjustment and self-direction. Assistance is provided through peer counseling, information referral and advocacy support.

Comprehensive Rehabilitation Services Program

The Comprehensive Rehabilitation Services program helps people with spinal cord and brain injuries become more independent.

Texas Department of State Health Services Addresses Special Needs

The Texas Department of State Health Services' (DSHS) mission is to improve the health and well-being in Texas. To achieve its mission, DSHS is responsible for certifications, licenses and permits for certain health-related equipment, facilities, businesses and occupations; community mental health and family health resources; substance abuse recovery resources; vital records, such as birth, death, marriage and divorce records; and health-related data and reports.

Assertive Community Treatment

Assertive Community Treatment serves as the fixed point of responsibility for providing treatment, rehabilitation and support services to people with severe and persistent mental illness. Services may include psychiatric, substance abuse, employment and housing.

Services from Outreach Screening Assessment and Referral Providers

These community-based programs operate 24-hour hot lines and referral services for those with substance abuse problems. Services may include referral to treatment, support services and follow-up support.

County Indigent Health Care Program

The County Indigent Health Care Program provides health care services to low-income residents through the counties, hospital districts and public hospitals in Texas.

Hemophilia Assistance Program

The Hemophilia Assistance Program helps people with hemophilia pay for their blood factor products.

REGULATORY BARRIERS TO AFFORDABLE HOUSING

The State of Texas has given local jurisdictions a great amount of authority over their lands. As a result, many of the regulatory barriers to affordable housing found at the state level in other states do not exist in Texas. For instance, municipalities have zoning authority. Even though zoning may be a barrier to affordable housing depending on minimum lot size required, this is not a regulatory barrier imposed by the state. In fact, counties do not have zoning authority, eliminating the potential barrier completely in non-incorporated areas. The state also does not impose impact or development fees or deed restrictions on developments. Furthermore, TDHCA is not a regulatory agency for building codes with the exception of manufactured housing and projects that receive funding through TDHCA. Impact fees, deed restrictions and building codes may add to the cost of development, but these are not part of the State's regulations.

In contrast, TDHCA does have two regulatory barriers to affordable housing, as found below.

ENVIRONMENTAL REGULATIONS

The Department works to enforce federal environmental regulations, such as the National Environmental Policy Act, Endangered Species Act, the National Pollutant Discharge Elimination System, and the Wetland regulations. In Texas, rules to protect the environment are promulgated by the Texas Commission on Environmental Quality (TCEQ). These include rules for the installation of septic systems and for development of the Edwards Aquifer. The restrictions associated with the regulations can add to the cost of development which, in turn, may raise the cost of the housing thereby decreasing affordability.

PUBLIC OPPOSITION

When a developer proposes an affordable housing development, regulations require that the developer notify local community groups and state and local officials. The required public notification process provides notice to persons who may oppose affordable housing.

For TDHCA's efforts to overcome these barriers to affordable housing, please see Strategy to Overcome Barriers to Affordable Housing in the Strategic Plan.

STRATEGIC PLAN

§ 91.315 Strategic plan.

(a) General. For the categories described in paragraphs (b), (c), (d), (e), and (f) of this section, the consolidated plan must do the following:

(1) Indicate the general priorities for allocating investment geographically within the state and among different activities and needs.

(2) Describe the rationale for establishing the allocation priorities given to each category of priority needs, particularly among extremely low-income, low-income, and moderate-income households.

(3) Identify any obstacles to meeting underserved needs.

(4) Summarize the priorities and specific objectives the state intends to initiate and/or complete during the time period covered by the strategic plan describing how the proposed distribution of funds will address identified needs. For each specific objective statement, identify proposed accomplishments and outcomes the state hopes to achieve in quantitative terms over a specified time period (e.g., one, two, three or more years), or in other measurable terms as identified and defined by the state. This information shall be provided in accordance with guidance to be issued by HUD.

(b) Affordable housing. With respect to affordable housing, the consolidated plan must include the priority housing needs table prescribed by HUD and must do the following:

(1) The affordable housing section shall describe how the characteristics of the housing market and the severity of housing problems and needs of extremely low-income, low-income, and moderate-income renters and owners identified in accordance with Sec. 91.305 provided the rationale for establishing allocation priorities and use of funds made available for rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units(including preserving affordable housing units that may be lost from the assisted housing inventory for any reason). Household and income types may be grouped together for discussion where the analysis would apply to more than one of them. If the state intends to use HOME funds for tenant-based assistance, it must specify local market conditions that led to the choice of that option.

(2) The affordable housing section shall include specific objectives that describe proposed accomplishments the state hopes to achieve and must specify the number of extremely low-income, low-income, and moderate-income families to whom the state will provide affordable housing as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership over a specific time period.

(c) Public housing. With respect to public housing, the consolidated plan must do the following:

(1) Resident initiatives. For a state that has a state housing agency administering public housing funds, the consolidated plan must describe the state's activities to encourage public housing residents to become more involved in management and participate in homeownership;

(2) Public housing needs. The consolidated plan must describe the manner in which the plan of the state will address the needs of public housing; and

(3) Troubled public housing agencies. If a public housing agency located within a state is designated as ``troubled'' by HUD under part 902 of this title, the strategy for the state or unit of local government in which any troubled public housing agency is located must describe the manner in which the state or unit of general local government will provide financial or other assistance to improve the public housing agency's operations and remove the ``troubled'' designation. A state is not required to describe the manner in which financial or other assistance is provided if the troubled public housing agency is located entirely within the boundaries of a unit of general local government that must submit a consolidated plan to HUD.

(d) Homelessness. With respect to homelessness, the consolidated plan must include the priority homeless needs table prescribed by HUD and must describe the state's strategy for the following:

(1) Helping low-income families avoid becoming homeless;

(2) Reaching out to homeless persons and assessing their individual needs;

(3) Addressing the emergency shelter and transitional housing needs of homeless persons; and

(4) Helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living.

(e) <u>Other special needs.</u> With respect to supportive needs of the non-homeless, the consolidated plan must provide a concise summary of the priority housing and supportive service needs of persons who are not homeless but require supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental), persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents. If the state intends to use HOME funds for tenant-based assistance to assist one or more of these subpopulations, it must specify local market conditions that led to the choice of this option.

(f) <u>Nonhousing community development plan.</u> If the state seeks assistance under the CDBG program, the consolidated plan must concisely describe the state's priority nonhousing community development needs that affect more than one unit of general local government. These priority needs must be described by CDBG eligibility category, reflecting the needs of persons or families for each type of activity.

This community development component of the plan must identify the state's specific long-term and short-term community development objectives (including economic development activities that create jobs), which must be developed in accordance with the primary objective of the CDBG program to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low-income and moderate-income persons.

(g) <u>Community Revitalization</u>. States are encouraged to identify areas where geographically targeted revitalization efforts are carried out through multiple activities in a concentrated and coordinated manner. In addition, a state may elect to allow units of general local government to carry out a community revitalization strategy that includes the economic empowerment of low-income residents, in order to obtain the additional flexibility available as provided in 24 CFR part 570, subpart I. A state must approve a local government's revitalization strategy before it may be implemented. If a state elects to allow revitalization strategies in its program, the method of distribution contained in a state's action plan pursuant to Sec. 91.320(k)(1) must reflect the state's process and criteria for approving local government's revitalization strategies. The strategy must identify the long-term and short-term objectives (e.g., physical improvements, social initiatives, and economic empowerment), expressing them in terms of measures of outputs and outcomes that are expected through the use of HUD programs. The state's process and criteria are subject to HUD approval.

(h) <u>Barriers to affordable housing.</u> The consolidated plan must describe the state's strategy to remove or ameliorate negative effects of its policies that serve as barriers to affordable housing, as identified in accordance with Sec. 91.310.

(i) <u>Lead based paint.</u> The consolidated plan must outline the actions proposed or being taken to evaluate and reduce lead-based paint hazards, and describe how the lead-based paint hazard reduction will be integrated into housing policies and programs.

(j) <u>Anti-poverty strategy.</u> The consolidated plan must provide a concise summary of the state's goals, programs, and policies for reducing the number of poverty-level families and how the state's goals, programs, and policies for producing and preserving affordable housing, set forth in the housing component of the consolidated plan, will be coordinated with other programs such as Temporary Assistance for Needy Families as well as employment and training programs and services for which the state is responsible and the extent to which they will reduce (or assist in reducing) the number of poverty-level families, taking into consideration factors over which the state has control.

(k) <u>Institutional structure.</u> (1) The consolidated plan must provide a concise summary of the institutional structure, including private industry, nonprofit organizations, and public institutions, through which the state will carry out its housing, homeless, and community development plan, assessing the strengths and gaps in that delivery system.

(2) The plan must provide a concise summary of what the state will do to overcome gaps in the institutional structure for carrying out its strategy for addressing its priority needs.

(l) <u>Coordination.</u> The consolidated plan must provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. With respect to the preparation of its homeless strategy, the state must describe efforts in addressing the needs of persons that are chronically

homeless. With respect to the public entities involved, the plan must describe the means of cooperation and coordination among the state and any units of general local government in the implementation of its consolidated plan. With respect to economic development, the state should describe efforts to enhance coordination with private industry, businesses, developers, and social service agencies.

(m) Low-income housing tax credit. The consolidated plan must describe the strategy to coordinate the Low-Income Housing Tax Credit with the development of housing that is affordable to low-income and moderate-income families.

[71 FR 6968, Feb. 9, 2006]

AFFORDABLE HOUSING

AFFORDABLE HOUSING PRIORITY NEEDS TABLE

The Department is required by statute to provide for the housing needs of extremely low-, very low-, low- and moderate-income households. In an effort to assess the priority need level for the population, the following definitions were applied:

High Priority (H): Activities to address this need will be funded by the State during the five-year period.

Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.

Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.

No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[59]

The table below outlines the priority needs level within the categories addressed in the housing needs assessment. As the table indicates, the Department has placed a high priority on serving all household types with income levels between 0-80 percent of AMFI as well as special needs populations.

[59] US Department of Housing and Urban Development, (December 28, 2007) *Guidelines For Preparing A State Consolidated Plan Submission For Housing & Community Development Programs.* Retrieved from http://www.hud.gov/offices/cpd/about/conplan/toolsandguidance/guidance/state_guidelines.pdf.

Table 2A
State Priority Housing/Special Needs/Investment Plan Table

PART 1. PRIORITY HOUSING NEEDS		Priority Level Indicate High, Medium, Low, checkmark, Yes, No	
Renter	Small Related Households	0-30%	H
		31-50%	H
		51-80%	H
	Large related households	0-30%	H
		31-50%	H
		51-80%	H
	Elderly households	0-30%	H
		31-50%	H
		51-80%	H
	All other households	0-30%	H
		31-50%	H
		51-80%	H
Owner		0-30%	H
		31-50%	H
		51-80%	H

PART 2 PRIORITY SPECIAL NEEDS	Priority Level Indicate High, Medium, Low, checkmark, Yes, No
Elderly	H
Frail Elderly	H
Severe Mental Illness	H
Developmentally Disabled	H
Physically Disabled	H
Persons w/ Alcohol/Other Drug Addictions	H
Persons w/HIV/AIDS	H
Victims of Domestic Violence	H
Other: Colonia residents; Migrant farmworkers	H

AFFORDABLE HOUSING ALLOCATION PRIORITY NEEDS

POPULATIONS MOST IN NEED

Through Rider 5 the Texas Legislature requires TDHCA to focus funding toward individuals and families that are earning less than 60 percent of the Area Median Family Income (AMFI). Rider 5 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. Rider 5 is reflected in Affordable Housing Goal 5 and 6 below.

TDHCA is dedicated to serving populations that traditionally have the highest need for assistance. Below is a listing of those populations:

1) Extremely low-income individuals and households (0-30 percent AMFI) and very low-income individuals and households (0-60 percent AMFI);
2) Low-income special needs populations including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence colonia residents; and migrant farm workers.

Rural/Non–Participating Jurisdictions

TDHCA strives to serve lower-income individuals and households that reside in areas that do not receive direct funding or capital from the federal government, such as rural or non–Participating Jurisdictions (non-PJ). Rural or remote areas are considered in the development of programs and in the distribution of funds. Scoring criteria or set asides have been added to the applications or program rules to encourage the participation of these areas.

AFFORDABLE HOUSING PRIORITIZATION EXPLANATION

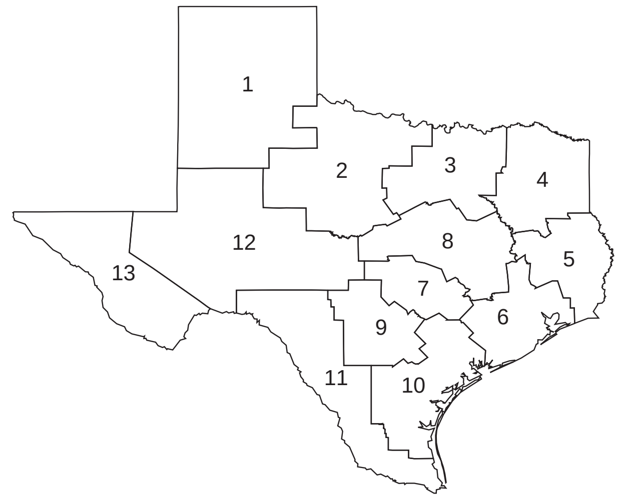
Seventy-six percent of renter households with incomes at 0-30 percent AMFI and 76 percent of renter households with incomes at 31-50 percent AMFI, have one or more housing problems (cost burden, overcrowding, or substandard housing).

Seventy-two percent of owner households with incomes at 0-30 percent AMFI and 54 percent of owner households with incomes at 31-50 percent AMFI have one or more housing problems. Owner households with incomes at 0-50 percent AMFI account for 42 percent of all owner households with a housing problem and for 73 percent of owner households with a severe cost burden. Thirty-nine percent of owner households with incomes at 51-80 percent AMFI have one or more housing problems. The 0-80 percent AMFI category is given the highest priority of funding in the Priority Needs Summary Table.

The data presented in the Housing and Homeless Needs Assessment chapter 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 AMFI and 31-50 percent AMFI). The incidences of housing problems for these two groups is significantly higher than that of the third low-income group, households with incomes at 51-80 percent AMFI, although considerable need exists within this group as well. Households at 0-80 percent AMFI have therefore been given higher priority than households above 80 percent AMFI. This prioritization will allow the State to target resources to those households most in need, regardless of household type.

GEOGRAPHIC PRIORITIES

HOME PROGRAM



TDHCA uses a Regional Allocation Formula (RAF) to distribute its HOME Investment Partnerships Program (HOME). The 13 regions used under the RAF are shown in the figure to the right, State Service Regions. The RAF also determines how funding is allocated to rural and urban areas within each region. The RAF's funding distributions are based on objective measures of each region's affordable housing need and available resources to address this need. The RAF is legislatively required by Section 2306.111(d) of the Government Code.

The first step in the RAF is to determine how the program funding would be distributed based solely on measures of regional need provided by US Census data. With the exception of the poverty numbers, the most relevant Census data is for households at or below 80 percent of the Area Median Family Income (AMFI). The following factors are used in the RAF to measure affordable housing need:

- **Poverty**: Number of persons in the region who live in poverty.
- **Extreme Cost Burden**: Units with a monthly gross rent to monthly household income ratio that exceeds 30 percent.
- **Overcrowded Units**: Units with more than one person per room.
- **Units with Incomplete Kitchen or Plumbing**: Units that do not have all of the following: a sink with piped water; a range or cook top and oven; refrigerator, hot and cold piped water, a flush toilet and a bathtub or shower.

1) Census need data is adjusted to current year levels by applying a growth factor based on the growth experienced since 2000.
2) Each factor is assigned a weight based on its perceived value as a measure of affordable housing need (poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent and substandard housing = 2 percent). In general, the weights reflect the relative number of persons or households affected by the housing problem.
3) Each measure's weight is multiplied by total amount of funding available under the RAF to determine the measure's funding amount.
4) For each measure, the region's number of affected persons or households is divided by the state total to determine the percentage of the state's need that is present in the region.
5) Each region's percentage of state need is multiplied by the measure's funding amount.
6) Finally, the funding distributed by the measures is summed for each region to determine the region's total allocation. The resulting regional funding distribution provides an overall measure of each region's affordable housing need.

Consideration of Available Housing Resources

In addition to TDHCA, there are many other funding sources that address affordable housing need. To address any inherent regional funding inequities, the RAF analyzes the regional distribution of state and federal sources that provide housing assistance to households that are similar to those served by the program.

Other Considerations in Developing the Formula

The allocation formula was developed under the premise that it would not serve as a static measure of need. Rather, the formula should be updated to reflect the availability of more accurate demographic information and the need to assess and modify the formula based on its actual performance. Specifically the following issues were considered:

- As information from other data sources becomes available, the formula should be revised to reflect this more recent data. The poverty statistics will be updated on an ongoing basis as they become available.
- As additional components of housing assistance may become relevant to the formula, the formula will continue to be open for public comment through the Department's public hearings.
- The affected programs have specific federal and state legislative requirements that govern how the funding may be distributed. In some instances, these rules may require that specific portions of funding shall be excluded from the allocation formula. It was also determined that dividing relatively small amounts of funding which are dedicated for specific uses on a regional basis would result in allocation amounts so small as to preclude their effective use by an applicant. Such issues will be carefully documented in each program's operating rules.

AFFORDABLE HOUSING OBSTACLES TO MEETING UNDERSERVED NEEDS

Given the large need for affordable housing and the limited supply of funding, one major obstacle is the lack of sufficient funding to meet underserved housing needs in Texas. When compared to the demographic characteristics of Texas, there is a shortage of affordable housing stock and funding sources to assist in the development and maintenance of affordable housing.

Not only does a lack of funding limit the capacity of service providers, but service providers may also lack organizational capacity. Because of the remote nature of and smaller communities in rural areas, many of these communities are not aware of public or private resources or do not know how to successfully obtain them. The service providers in these communities may not know when or where to apply for funding, have availability of qualified staff, or have experience completing a successful housing program. Since one focus of the Department is non–participating jurisdictions which are often in rural areas, this lack of organizational capacity is of particular concern for TDHCA.

Even though lack of capacity may limit the success of obtaining and implementing housing programs, some communities have little incentive to build capacity because of the negative perception of affordable housing. Public opposition acts as a barrier to affordable housing, especially in regards to low-income multifamily development. During every application cycle for affordable multifamily housing, several communities submit letters to the Department stating their opposition to the proposed developments. Many of these complaints cite the communities' fear of falling property values or an increase in crime if a new affordable housing apartment is developed. However, direct association between affordable housing and crime or lower property values has not been proven by academic studies. These negative attitudes have been perpetuated by the "Not-In-My-Backyard" (NIMBY) mentality.

Another obstacle to affordable housing can be difficulty obtaining a clear title for low-income homeowners. Clear titles are required for homeowners to meet program eligibility requirements and protect TDHCA's investment in affordable housing. Homeowners in need of housing repair or contract-for-deed conversions often have difficulty obtaining a clear title. Titles may not be in the homeowners' name because of divorce or widowing, in which case the ex-spouse is also on the title. Titles with liens are a common occurrence when converting contract-for-deeds into traditional mortgages.

To reduce obstacles to affordable housing, TDHCA closely monitors affordable housing trends and issues as well as conducting its own research. For example, as a result of the identification of insufficient funding, the Department requested and received an increase in Housing Trust Fund monies during the 81st Legislative Session. In addition, TDHCA makes adjustments to address community input gathered through roundtable discussions and public hearings held throughout the state. To illustrate this point, for the 2010-2011 Biennium Plan, the Housing Trust Fund is including a capacity-building component into its Rural Housing Expansion Program as a result of public input at a roundtable. To address the clear title issue, TDHCA is investigating a partnership with the Office of the Attorney General to help low-income Texans receive assistance by meeting the clear title program guideline. Furthermore, to address public opposition to affordable housing, the Department periodically contracts for research studies from qualified professionals to determine the effect of affordable housing developments on property values, social conditions and quality of life in surrounding neighborhoods. These efforts, combined with public outreach and education, are part of TDHCA's commitment to overcome obstacles to affordable housing.

HOME and ESGP Address Underserved Needs

The HOME Program provides grant funds, deferred forgivable loans and repayable loans to Units of General 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 with or without accessibility modifications for the acquisition of affordable single family housing, single family housing development, and funding for rental housing development including the 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 rental 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.

CDBG Addresses Underserved Needs

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 2010, the TxCDBG will make funds available through five different grant categories 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 2010, TxCDBG will make funds available for planning through the Planning and Capacity Building Fund and the Colonia Planning and Construction 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.

HOPWA Addresses Underserved Needs

The Texas HOPWA program continues to meet the needs of underserved populations in several ways.

As assessed regularly by Ryan White needs assessments in all HSDAs, housing needs are high among people living with HIV/AIDS. The Texas HOPWA program meets the needs of this underserved population throughout the state by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, people living with HIV/AIDS and their families are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services.

In addition, DSHS is continuing to update funding allocations to address the changing needs of local communities and to maximize and target HOPWA funding to HSDAs that are in greatest need. DSHS will consider a variety of factors including but not exclusive to HIV/AIDS morbidity, poverty level, housing costs and needs, homelessness data, program waitlists, and program expenditures.

AFFORDABLE HOUSING GOALS AND OBJECTIVES

The Affordable Housing Goals are based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals and accomplishments are outlined in the Department's Legislative Appropriations Request for Fiscal Years 2010 and 2011, which was submitted in August 2008. The goals are also based upon Riders attached to the Department's Appropriations. The performance targets may have been adjusted based on updated information.

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 holistic 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 pre-determine the extent of the overlap. Because of this, each program reports their performance separately, with its particular intention/use listed separately.

HUD Objective and Outcome Category Codes

	Availability/Accessibility	Affordability	Sustainability
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

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.

AFFORDABLE HOUSING 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 Proposed Accomplishment: Provide federal mortgage loans and mortgage credit certificates through the single family Mortgage Revenue Bond Program.

(a) Specific Accomplishment: **Number of single family units assisted through the First Time Homebuyer Program.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	2,146	2,146	2168	2185	2203

1.2 Proposed Accomplishment: Provide funding through the HOME Program for affordable single family housing.

(a) Specific Accomplishment: **Number of households assisted with single family HOME funds.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	952	952	952	952	952

1.3 Proposed Accomplishment: Provide funding through the Housing Trust Fund for affordable single family housing.

(a) Specific Accomplishment: **Number of single family households assisted through the Housing Trust Fund.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	230	230	350	350	350

1.4 Proposed Accomplishment: Provide tenant-based rental assistance through Section 8 certificates.

(a) Specific Accomplishment: **Number of households assisted through Statewide housing assistance payments program.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	1,100	1,100	1,100	1,100	1,100

1.5 Proposed Accomplishment: Provide federal tax credits to develop rental housing for very low-income and low-income households.

(a) Specific Accomplishment: **Number of multifamily units financed through the Housing Tax Credit Program and mortgage revenue bond funds.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	12,609	12,485	12,485	12,485	12,485

1.6 Proposed Accomplishment: Provide funding through the HOME Program for affordable multifamily housing. Outcome/objective category: DH-2

(a) Specific Accomplishment: **Number of households assisted through multifamily HOME funds.**

Specific Output	2010	2011	2012	2013	2014
	262	262	262	262	262

1.7 Proposed Accomplishment: Provide funding through the Housing Trust Fund for affordable multifamily housing.

(a) Specific Accomplishment: **Number of households assisted through the multifamily Housing Trust Fund Program.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	23	23	35	35	35

AFFORDABLE HOUSING GOAL 2:
TDHCA will provide information and assistance for housing and community services.

2.1 Proposed Accomplishment: Provide information and assistance for housing and community services through the Housing Resource Center, Planning and Communications.

(a) Specific Accomplishment: **Number of information and technical assistance requests completed.** *Outcome/objective category: DH-1*

Specific Output	2010	2011	2012	2013	2014
	5,000	5,000	5,000	5,000	5,000

2.2 Proposed Accomplishment: Assist colonias, border communities and nonprofits.

(a) Specific Accomplishment: **Number of technical assistance contracts and visits conducted by field offices.** *Outcome/objective category: DH-1*

Specific Output	2010	2011	2012	2013	2014
	800	800	800	800	800

AFFORDALE HOUSING GOAL 3 (SAME AS HOMELESSNESS GOAL 1):
TDHCA WILL IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW-INCOME TEXANS.

See goals and objectives listed under the Strategic Plan Homelessness Goal 1.

AFFORDABLE HOUSING GOAL 4:
TDHCA WILL ENSURE COMPLIANCE WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' FEDERAL AND STATE PROGRAM MANDATES.

4.1 Proposed Accomplishment: Monitor and inspect for federal and state housing program requirements.

(a) Specific Accomplishment: **Number of monitoring reviews.** *Outcome/objective category: DH-3*

Specific Output	2010	2011	2012	2013	2014
	4,214	4,526	4,666	4,806	4,946

(b) Specific Accomplishment: **Total number of desk reviews.** *Outcome/objective category: DH-3*

Specific Output	2010	2011	2012	2013	2014
	3,350	3,567	3,667	3,767	3,867

(c) Specific Accomplishment: **Total number of onsite reviews.**

Specific Output	2010	2011	2012	2013	2014
	864	959	999	1,039	1,079

4.2 Proposed Accomplishment: Monitor federal and state subrecipient contracts for programmatic and fiscal requirements. Outcome/objective category: DH-3

(a) Specific Accomplishment: **Number of contract monitoring reviews conducted.** *Outcome/objective category: DH-3*

Specific Output	2010	2011	2012	2013	2014
	208	208	208	208	208

(b) Specific Accomplishment: **Number of single audit reviews.** *Outcome/objective category: DH-3*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	194	194	194	194	194

AFFORDABLE HOUSING GOAL 5:
TDHCA WILL TARGET ITS HOUSING FINANCE PROGRAMS RESOURCES FOR ASSISTANCE TO EXTREMELY LOW-INCOME HOUSEHOLDS.

5.1 Proposed Accomplishments: 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.

Specific Accomplishment: **Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.** *Outcome/objective category: DH-2*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	$30,000,000	$30,000,000	$30,000,000	$30,000,000	$30,000,000

AFFORDABLE HOUSING GOAL 6:
TDHCA WILL TARGET ITS HOUSING FINANCE RESOURCES FOR ASSISTANCE TO VERY LOW-INCOME HOUSEHOLDS.

6.1 Proposed Accomplishments: Adopt an annual goal to apply no less than 30 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.

Specific Accomplishment: **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.** *Outcome/objective category: DH-2*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	20%	20%	20%	20%	20%

HOME RATIONALE FOR FUNDING PLAN

The annual allocation of federal housing funds addresses less than one percent (1%) of the need for safe, decent, affordable housing in Texas. According to the 2000 Census, more than half of the Owner Households earning fifty percent (50%) or less of the Area Median Income reported having at least one housing problem. Lower income groups have higher rates of incidence of housing problems. Among household types, large related family households have the highest rates of housing problems.

In order to offer flexibility to meet housing needs at the local level, the Department participates in four major HOME activities including Homeowner Rehabilitation, Homeownership Assistance (with or without rehabilitation), Tenant-Based Rental Assistance, and Rental Housing Development. The allocation of funds among the four major activities is based on previous demand for program funds and minimizing the duplication of effort with other Department programs. Historically, the greatest demand has been for Homeowner Rehabilitation funds, currently the only program of this type at the Department. The balance of funds is distributed equally between the Homeownership and Tenant-Based Rental Assistance. While the demand for Homeownership Assistance has fluctuated recently, there continues to be demand to leverage these funds with local or private sector funds.

Additionally, 2000 Census data demonstrates a higher need of reported housing problems (approximately 76%) for Renter Households earning fifty percent (50%) or less of Area Median Income. Since housing problems increase with lower income renters, the Department has elected to continue with Tenant-Based Rental Assistance to offer flexibility at the local level to include the program as a component of their housing continuum. In order to increase rural housing stock, the Department also elects to allocate a minimum of $5 million annually to allow for rural housing development and preservation. To meet local and market demands, the Department allocates program income or redistributes deobligated funds from non-performing contracts to those requests outstanding for housing assistance. Typically, these additional funds have been allocated to the Rental Housing Development activity, but the Department may allocate to any HOME activity oversubscribed in its funding requests.

PUBLIC HOUSING

PUBLIC HOUSING AUTHORITIES RESIDENT INITIATIVES

The Texas Department of Housing and Community Affairs 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.

PUBLIC HOUSING AUTHORITIES NEEDS

To address PHA needs, TDHCA has designated PHAs as eligible entities for its programs, such as the Housing Tax credit (HTC) Program, HOME Program and ESG Program. PHAs have successfully administered HTC funds to rehabilitate or develop affordable rental housing. Discussion of the HOME and ESG Program in regards to PHAs is below in HOME and ESGP Address PHA Needs.

TDHCA has developed a 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.

PUBLIC HOUSING AUTHORITIES GEOGRAPHIC PRIORITIES

Because PHAs can apply for funding through TDHCA, the priority for allocating investment geographically within the state for PHAs primarily depends on the priority designated for each program for which PHAs apply. Please review Housing Needs Section for geographic priorities.

An exception to this geographic priority is TDHCA's Section 8 Housing Choice Voucher Program. Approximately 30 years ago, TDHCA applied to HUD and received approximately 1,000 vouchers for rural areas that don't have PHAs or areas in which the PHA would like to work with TDHCA for this particular program. These areas may not have the capacity to form and support a PHA or apply for Section 8 vouchers themselves. TDHCA administers the Section 8 vouchers directly to residents in these areas; it is the only program in which TDHCA administers a program directly to low-income Texans by paying approved rent amounts to property owners.

There are no known troubled PHAs that are not within boundaries of a unit of general local government that must submit a consolidated plan to HUD. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units. The US Department of Housing and Urban Development also has an increased interest in seeing state housing agencies work closer with PHAs to plan and implement initiatives to improve public housing. In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by public housing authorities in an area without a consolidated plan are consistent with the State's Consolidated Plan.

PUBLIC HOUSING AUTHORITIES ALLOCATION PRIORITIES

Currently the Section 8 Program provides financial assistance for decent, safe and sanitary housing to eligible households whose annual gross income does not exceed 50% of HUD's median income guidelines. HUD sets allocation priorities by requiring 75% of all new households admitted to the program be at or below 30% of the area median income. Furthermore, approximately 60 of the Section 8 vouchers are used for the Project Access Program which focuses on people with disabilities. The purpose of Project Access is to assist low-income non-elderly persons with disabilities to transition from institutions into the community by providing access to affordable housing.

PUBLIC HOUSING AUTHORITIES OBSTACLES TO MEETING UNDERSERVED NEEDS

The main obstacle to meeting underserved needs in PHAs is the lack of resources. TDHCA addresses the lack of capacity by providing Section 8 vouchers directly to low-income Texans in certain areas of the state. However, with approximately 1000 vouchers, there are not enough to meet the need of low-income renters. Similarly, PHAs that apply for other programs offered through TDHCA may not be awarded because of lack of funding availability; most programs exhaust their funds during the program year.

HOME AND ESGP ADDRESS PUBLIC HOUSING NEEDS

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notification of published notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to Homebuyer Assistance. Furthermore, staff of PHAs, especially 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.

CDBG ADDRESSES PUBLIC HOUSING NEEDS

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. 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.

HOPWA ADDRESSES PUBLIC HOUSING NEEDS

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local housing authorities for client referrals and to address local housing issues.

Public Housing Authorities Goals and Objectives

For priorities and specific objectives regarding Section 8, see the Affordable Housing Goal 1, proposed accomplishment 1.4.

HOMELESS PRIORITY NEEDS

Homeless persons are considered a priority group for housing-related funding (see "priority housing needs" above). The priorities also target households at 80 percent or less of median income, particularly those with a severe cost burden or living in substandard housing conditions. Much of this population group can be considered 'at-risk' of homelessness.

Homeless

Priority Needs Summary Table

Priority Homeless Needs	Priority Need Level H=High, M=Medium, L=Low, N=No Such Need Families	Individuals	Persons w/ Special Needs
Assessment/Outreach	H	H	H
Emergency Shelter	H	H	H
Transitional Housing	H	H	H
Permanent Supportive Housing	H	H	H
Permanent Housing	H	H	H

The Priority Needs Summary Table uses the following definitions:

High Priority (H): Activities to address this need will be funded by the State during the five-year period.

Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.

Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.

No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[60]

HOMELESS GEOGRAPHIC PRIORITIES

ESGP funds are reserved according to the percentage of poverty population identified in each of 13 TDHCA service regions (i.e., Region 1, with 3.95 percent of the State's poverty population, was awarded 3.95 percent of the available funds). The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region.

[60] US Department of Housing and Urban Development. (2007, December 28). Guidelines for preparing a state consolidated plan submission for housing & community development programs. Retrieved from http://www.hud.gov/offices/cpd/about/conplan/toolsandguidance/guidance/state_guidelines.pdf.

HOMELESSNESS GOALS & OBJECTIVES

The Homelessness Goals are based upon measures developed for the Department's Legislative Appropriations Request for Fiscal Years 2010 and 2011, which was submitted in August 2008. The performance targets may have been adjusted based on updated information. Refer to program specific statements in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives outlined below.

HUD Objective and Outcome Category Codes

	Availability/Accessibility	Affordability	Sustainability
Suitable Living Environment	SL-1	SL-2	SL-3
Decent Housing	DH-1	DH-2	DH-3
Economic Opportunity	EO-1	EO-2	EO-3

Refer to program specific statements in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives outlined below.

ESGP Performance Measures

Outcomes and Objectives	Performance Indicators	Expected 2009 Amount
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	28,000
DH-2	The provision of non-residential services including homelessness prevention assistance.	72,000

HOMELESSNESS GOAL 1 (SAME AS AFFORDABLE HOUSING GOAL 3):
TO IMPROVE LIVING CONDITIONS FOR THE POOR AND HOMELESS AND REDUCE THE COST OF HOME ENERGY FOR VERY LOW INCOME TEXANS.

1.1 Proposed Accomplishment: Administer poverty-related federal funds through a network of agencies.

(a) Specific Accomplishment: **Number of persons assisted through homeless and poverty related funds.** *Outcome/objective category: SL-1*

Specific Output	2010	2011	2012	2013	2014
	515,511	515,511	550,000	550,000	550,000

(b) Specific Accomplishment: **Number of persons assisted that achieve incomes above poverty level.** *Outcome/objective category: DH-2*

Specific Output	2010	2011	2012	2013	2014
	3,000	3,000	3,000	3,000	3,000

(C) Specific Accomplishment: **Number of persons assisted by the Community Services Block Grant Program.** *Outcome/objective category: SL-1*

Specific Output	2010	2011	2012	2013	2014
	413,251	413,251	445,000	445,000	445,000

(d) Specific Accomplishment: **Number of persons assisted by the Emergency Shelter Grant Program.** *Outcome/objective category: SL-1*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	102,261	102,261	105,000	105,000	105,000

1.2 Proposed Accomplishment: Administer state energy assistance programs.

(a) Specific Accomplishment: **Number of households receiving energy assistance.** *Outcome/objective category: SL-1*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	66,050	48,152	47,653	47,653	47,653

(b) Specific Accomplishment: **Number of dwelling units weatherized by the Department.** *Outcome/objective category: SL-1*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	20,679	19,127	2,610	2,594	2,578

Refer to program specific statements in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed above.

State Overview of Homeless Solutions

During the 2009 legislative session, the Department developed a guide entitled Within Reach: Solutions to Homelessness in Texas which outlined homelessness issues. The draft publication, to be released the winter of 2009, discusses how the state and partnering organizations can prevent low-income families from becoming homeless, reach out to homeless persons, assess the emergency shelter and transitional housing needs of homeless persons and help homeless persons make the transition to permanent housing.

Focusing on cost-effective strategies, Within Reach notes that it is more expensive to re-house homeless households than to prevent homelessness with short-term or long-term assistance. Within Reach presents a three-pronged approach for homeless prevention. This approach includes increasing the number of affordable housing units, increasing the amount of resources available to low-income persons and increasing access to decent, affordable health care. To apply this three-pronged approach, the guide recommends increasing asset building and financial literacy programs, rental assistance and foreclosure counseling.

Within Reach also discusses strategies to improve the services provided to homeless populations. After examining the demographics of the homeless population, the guide recommends creating a state-wide definition of homelessness to prevent confusion and ensure uniformity of service. It also recommends using state funds to reach homeless populations. For example, the Texas' Housing Trust Fund has already been used to address homeless special needs populations through rental assistance programs. Moreover, the guide recommends encouraging statewide agency coordination, such as creating a State Office on Homelessness as part of TDHCA. Finally, the guide points out that making policy decisions using streamlined, consolidated data will help program administrators explore opportunities to provide specific training to service providers and target the use of funds.

The guide also addresses emergency shelters and the transition to permanent housing. It recommends increasing permanent affordable housing linked to supportive services as well as improving discharge planning and transitional housing. Discharge planning addresses the needs of youth aging out of foster care, consumers leaving mental health and physical health facilities and individuals leaving the criminal justice system. The guide recommends that each program be evaluated for efficacy and areas of improvement. For example, the Department of State Health Services, the federal Social Security Administration and Department of Homeland Security could improve the discharge system by coordinating to provide state identification cards for ex-offenders; lack of identification can become an obstacle to obtaining housing upon release.

Obstacles to Meeting Underserved Homeless Needs

Within Reach: Solutions to Homelessness in Texas outlines the barriers to addressing the needs of the homeless populations. The guide lists the main obstacles as the large size of Texas, the large rural population, the lack of flexibility and adequate apply of funding streams for homeless needs, the lack of interagency authority and the lack of community support.

Texas is the second largest state in population and area. Texas faces issues specific to its size such as lack of resources, staffing, outreach and service provision. Within Reach observes that Texas is still growing in population and, as it does, the proportion of low-income families and individuals may also grow as well.

As cited in Within Reach, the Texas Comptroller estimates that in 2005 14% of the population, or approximately three million people, lived in rural areas. Within Reach notes that rural communities tend to have lower incomes, face increased difficulty in accessing health care and have a higher average age than communities in urban areas. The homeless populations in rural areas tend to be families with children and often have significant health care issues. Because the rural population is often isolated, service provision, outreach, transportation and accurate data collection become problematic.

Within Reach notes that funding sources for the homeless lack flexibility and are not available in adequate supply. The federal government provides the majority of the funds, which are often administered through state and local agencies. A significantly smaller portion of funding comes from general state revenue, local revenue and private donations. The latter funding sources are usually directed toward a certain population and do not focus on local issues.

There are multiple funding sources to address homeless needs but there is no single agency that coordinates the use of these funds. While the Texas Interagency Council on Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services, TICH receives no funding and has no full-time staff. TICH consists of representatives from all state agencies that serve the homeless; there are ten permanent members TICH. It receives clerical and advisory support from the Department. On page 10, Within Reach states, “While this council has statutory authority to evaluate the efficacy of programs and recommend steps to improve service coordination and delivery, the TICH currently lacks the resources to fully implement the statute and so has largely served in a lower-profile role."

Even though demographic evidence shows that the homeless population consists of families, children, veterans, people with disabilities and victims of domestic violence and natural disasters, public perception still pictures homeless people as single men on the street corner asking for change from passing cars. Within Reach points out that, because the perception of the homeless is largely negative, community and political support for prevention and support services remains thin.

SPECIAL NEEDS PRIORITY NEEDS

Low-income persons with special needs—including elderly persons, frail elderly persons, persons with disabilities, persons with alcohol and/or other drug addictions, persons with HIV/AIDS, victims of domestic violence, residents of colonias and public housing residents—are considered a priority group for housing-related funding.

Please refer to the Housing and Homeless Needs Assessment Section of this document for more detailed descriptions of the need associated with these special needs groups. As the aforementioned groups are subpopulations of groups covered in the previous topics, please refer to the Affordable Housing and Homeless prioritization list.

For the HOME Program, directed assistance for persons with disabilities is issued under a separate Notices of Funding Availability including eligible activities for Rental Development, TBRA, and HBA with optional rehabilitation activities. 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.

SPECIAL NEEDS GEOGRAPHIC PRIORITIES

Please review Housing Needs Section for geographic priorities.

SPECIAL NEEDS ALLOCATION PRIORITIES

The Comprehensive Energy Assistance Program (CEAP), Weatherization Assistance Program (WAP), HOME Program, Housing Trust Fund Program, Housing Tax Credits (HTC) Program, Multifamily Bond Program, Section 8 Program and the Office of Colonia Initiatives all have specific measures to address the needs of people with special needs. These populations receive allocation priorities because they are the state's most vulnerable populations. Public Housing Residents are not discussed here, but are discussed under the Public Housing Section above.

Priority for energy assistance through CEAP and WAP is given to the elderly and persons with disabilities, as well as other prioritized groups. Local providers must implement special outreach efforts for these special needs populations.

As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, five percent of the annual HOME Program allocation is allocated for applications serving persons with disabilities living in any part of the state. Furthermore, HOME's Homebuyer Assistance with Rehabilitation activity provides down payment and closing cost assistance as well as construction costs associated with architectural barrier removal to assist homebuyers with disabilities. The Owner-Occupied Housing Assistance activity, offered through the HOME Program, provides funds for the repair and rehabilitation of homes owned by very low-income households; many of the households assisted in this program are elderly. The Contract for Deed Conversion Initiative, offered through the HOME Program, facilitates homeownership by converting contracts for deed into traditional mortgages.

Many of these Contracts for Deeds are in colonias. Also, the Colonia Model Subdivision activity provides loans to develop residential subdivisions as alternatives to colonias.

To further address the specific needs of special needs populations, HOME, Housing Trust Fund, HTC and Multifamily Bond developments that are new construction must conform to Section 504 standards. These standards require that at least five percent of the development's units be accessible for persons with physical disabilities and at least two percent of the units be accessible for persons with hearing and visual impairments.

According to the 2009 Housing Tax Credit Program Qualified Allocation Plan, HTC offers additional application points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs. In addition, the HTC and Multifamily Bond programs fund Qualified Elderly Developments, a development in which elderly residents occupy 80 to 100 percent of the units.

TDHCA's Section 8 Housing Choice Vouchers Program administers the Project Access program to assist low-income, non-elderly persons with disabilities to transition from institutions into the community by providing access to affordable housing. Eligible households are those that meet the Section 8 criteria, have a permanent disability, are less than 62 years of age and are either an At-Risk Applicant and a previous resident or a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance.

In 1996, in an effort to place emphasis on addressing the needs of colonias, OCI at TDHCA was created to coordinate all Department and legislative initiatives involving border and colonia issues and manage a portion of the Department's existing programs targeted at colonias. The fundamental goal of OCI is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the Department services. As part of its plan to improve the living conditions in colonias, OCI offers OCI Border Field Offices which provide technical assistance to the counties and colonia self-help centers.

Special Needs Obstacles to Meeting Underserved Needs

Similar to the obstacles to serving other populations, the lack of resources is one of the main obstacles to serving special needs populations. However, the special needs populations have particular obstacles specific to its needs. For example, service providers need specific skills to administer assistance to populations with special needs, such as training in substance-abuse recovery. The low capacity of service providers can prevent them from serving special needs populations. Furthermore, special needs populations often require a great amount of assistance in terms of large subsidies and multiple service providers. The funding for this amount of assistance can be difficult to obtain and the coordination among service providers takes a great deal of cooperation.

OTHER SPECIAL NEEDS GOALS & OBJECTIVES

SPECIAL NEEDS GOAL 1:
COMMIT FUNDING RESOURCES TO ADDRESS THE HOUSING NEEDS AND INCREASE THE AVAILABILITY OF AFFORDABLE AND ACCESSIBLE HOUSING FOR PERSONS WITH SPECIAL NEEDS.

1.1 Proposed Accomplishments: Dedicate no less than 20 percent of the HOME project allocation for applicants that target persons with special needs.

Specific Accomplishment: **Percent of the HOME project allocation awarded to applicants that target persons with special needs.** *Outcome/objective category: DH-1*

Specific Output	2010	2011	2012	2013	2014
	≥20%	≥20%	≥20%	≥20%	≥20%

1.2 Proposed Accomplishments: Dedicate no less than 10 percent of the Housing Trust Fund project allocation for applicants that target persons with special needs.

Specific Accomplishment: **Percent of the Housing Trust Fund project allocation awarded to applicants that target persons with special needs.** *Outcome/objective category: DH-1*

Specific Output	2010	2011	2012	2013	2014
	≥10%	≥10%	≥10%	≥10%	≥10%

1.3 Proposed Accomplishments: Dedicate no less than five percent of the Multifamily Bond Program units for persons with special needs.

Specific Accomplishment: **Percent of the Multifamily Bond Program units dedicated to persons with special needs.** *Outcome/objective category: DH-1*

Specific Output	2010	2011	2012	2013	2014
	≥5%	≥5%	≥5%	≥5%	≥5%

1.4 Proposed Accomplishments: Provided with short-term rent, mortgage, utility payments, or tenant-based rental assistance to persons with AIDS.

Specific Accomplishment: **Number of persons with AIDS assisted with short-term rent, mortgage, utility payments** *(Outcome/objective category: DH-2)*, **or tenant-based rental assistance** *(Outcome/objective category: DH-1)*.

Specific Output	2010	2011	2012	2013	2014
	700*	720**	740***	760****	780*****

* 700 households will be provided with short-term rent, mortgage and utility payments and 550 households will be provided project or tenant-based rental assistance.

** 720 households will be provided with short-term rent, mortgage and utility payments and 565 households will be provided project or tenant-based rental assistance.

*** 740 households will be provided with short-term rent, mortgage and utility payments and 580 households will be provided project or tenant-based rental assistance.

**** 760 households will be provided with short-term rent, mortgage and utility payments and 595 households will be provided project or tenant-based rental assistance.

***** 780 households will be provided with short-term rent, mortgage and utility payments and 610 households will be provided project or tenant-based rental assistance.

ADDITIONAL SPECIAL NEEDS GOALS

TDHCA recognizes that there is still much to be done to address the needs of those populations that are most vulnerable and in need of the Department's services—particularly those persons with specials needs as outlined above. While HUD has requested that goals and objectives be listed in a format that allows for yearly quantifiable results, the Department feels that it would be negligent not to list its continued policy initiatives with regards to special needs populations. TDHCA recognizes that overarching agency policies will lead to the creation of additional program specific goals, objectives and outcome. Below are general policies regarding special needs populations.

SPECIAL NEEDS GOAL 2:
COMPILE INFORMATION AND ACCURATELY ASSESS THE HOUSING NEEDS OF AND THE HOUSING RESOURCES AVAILABLE TO PERSONS WITH SPECIAL NEEDS.

2.1 Proposed Accomplishments

A. Assist counties and local governments in assessing local needs for persons with special needs
B. Work with State and local providers to compile a statewide database of available affordable and accessible housing.
C. Set up a referral service to provide this information at no cost to the consumer.
D. Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other providers web sites, TDHCA newsletter and local informational workshops.

SPECIAL NEEDS GOAL 3:
INCREASE COLLABORATION BETWEEN ORGANIZATIONS THAT PROVIDE SERVICES TO SPECIAL NEEDS POPULATIONS AND ORGANIZATIONS THAT PROVIDE HOUSING.

3.1 Proposed Accomplishments

A. Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
B. Continue working with agencies, advocates and other interested parties in the development of programs that will address the needs of persons with special needs.
C. Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site and newsletter.

GOAL 4:	DISCOURAGE THE SEGREGATION OF PERSONS WITH SPECIAL NEEDS FROM THE GENERAL PUBLIC.

4.1 Proposed Accomplishments

A. Increase the awareness of the availability of conventional housing programs for persons with special needs.

B. Support the development of housing options and programs, which enable persons with special needs to reside in non-institutional settings.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA) STRATEGIC PLAN

This grant application for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2010 State of Texas Consolidated Plan for program year 2010 (February 1, 2010, through January 31, 2011). Although this application is part of the Consolidated Plan submitted to US Department of Housing and Urban Development (HUD) by the Texas Department of Housing and Community Affairs, HUD will directly contract with the Texas Department of State Health Services (DSHS) for the HOPWA Program as it has done since 1992.

Provided below is DSHS's part of the 2010 Consolidated Plan as it relates to persons with HIV/AIDS and their families.

HOPWA PRIORITY NEEDS

The Human Immunodeficiency Virus (HIV) disease and Acquired Immunodeficiency syndrome (AIDS) is fast becoming a disease of the poor. The proportion of AIDS cases is higher among women, children, and minorities, who are already overrepresented by the poor. The debilitating nature of the HIV disease and the high cost of medical treatment impact employability while increasing the cost of living. Loss of employment, underemployment and lack of insurance quickly drain financial resources and can lead to loss of housing. While affordable housing declines, the need for housing may actually increase as people with HIV live longer due to improved medications.

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons with AIDS are either homeless or at risk of homelessness, there may be from 9,686 to 14,530 people living with AIDS in Texas who are homeless or at risk of homelessness. It is unknown how many symptomatic people with HIV are at risk. Housing continues to rank high on the needs assessments of people with HIV/AIDS.

While DSHS distributes approximately $76.1 million in Ryan White and State Services grants to provide a wide array of health and social services for persons with HIV/AIDS, housing traditionally has received less resource allocation at the local level than the more pressing medical problems of the affected persons. An additional $50.4 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 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.

HOPWA BASIS FOR ASSIGNING PRIORITY

Individuals eligible to receive assistance or services under the HOPWA Program are persons with AIDS or related diseases and their families who are low income as defined by HUD. Eligible persons for participation in the program are determined routinely at intake for all HIV/AIDS services clients. They are assessed for changes in housing eligibility status during regular assessment visits with their case manager. Any client needing housing assistance may request determination of eligibility as needed.

Geographic Priorities

The funding allocations are geographically distributed across the state to the 26 HSDAs, excluding 35 counties located in the Eligible Metropolitan Areas (EMAs) that receive direct HOPWA funding from HUD. The 35 counties in the six directly-funded EMAs of Austin, Dallas, Fort Worth, Houston, San Antonio, and El Paso are as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.

HOPWA Obstacles to Meeting Underserved Needs

The most often received comment to meeting underserved needs relate to the shortage of available low income housing for the increased demand for persons living in poverty; not only for HIV/AIDS infected clients, but for low income persons in general. Other concerns include the inability to use the HOPWA funds to pay deposits, confidentiality, securing permanent and affordable housing to move persons off HOPWA assistance, and a shortage of funds in some regions.

Summary of Priorities

The priorities of the program are to keep persons with HIV/AIDS from becoming homeless and to provide a better quality of life for them and their families during all stages of the disease. Persons with HIV/AIDS have a full set of needs including medical care, drugs, food, transportation, counseling, case management, and housing. The need for housing continues to increase as AIDS becomes more a disease of the poor.

HOPWA Specific Objectives

The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing, to reduce the risk of homelessness, and to improve access to health care and supportive services through the following HOPWA program services:

Tenant-Based Rental Assistance (TBRA) program

The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing.

Short-Term Rent, Mortgage, and Utilities (STRMU) assistance program

The STRMU program provides short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period.

Supportive Services program

The Supportive Services program provides case management, basic telephone service and assistance to purchase smoke detectors to eligible individuals.

Permanent Housing Placement Services (PHP)

The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing.

HOPWA Proposed Accomplishments

Based on prior-year performance and level funding from HUD, DSHS estimates that 700 households can be provided with short-term rent, mortgage, and utility payments, 550 households can be provided tenant-based rental assistance, and 20 households can be provided permanent housing placement during the 2010 project year. All households will be provided with supportive services funded through HOPWA, Ryan White, or other leveraged sources. Each project sponsor will be allowed to utilize up to 7 percent of its allocation for administration of the program.

Year 2010 Goal:

700 households will be provided with short-term rent, mortgage, and utility payments and 550 households will be provided project or tenant-based rental assistance. (Total estimated to be served: 1,250)

Year 2011 Goal:

720 households will be provided with short-term rent, mortgage, and utility payments and 565 households will be provided project or tenant-based rental assistance. (Total estimated to be served: 1,285)

Year 2012 Goal:

740 households will be provided with short-term rent, mortgage, and utility payments and 580 households will be provided project or tenant-based rental assistance. (Total estimated to be served: 1,320)

Year 2013 Goal:

760 households will be provided with short-term rent, mortgage, and utility payments and 595 households will be provided project or tenant-based rental assistance. (Total estimated to be served: 1,355)

Year 2014 Goal:

780 households will be provided with short-term rent, mortgage, and utility payments and 610 households will be provided project or tenant-based rental assistance. (Total estimated to be served: 1,390)

NONHOUSING COMMUNITY DEVELOPMENT STRATEGIC PLAN

The Nonhousing Community Development Plan will primarily cover activities funded under the Texas Community Development Block Grant program (TxCDBG), administered by the Texas Department of Rural Affairs (TDRA) . The Texas Community Development Block Grant program administers federal Community Development Block Grant (CDBG) funds authorized by the federal Housing and Community Development Act of 1974, as amended.

PRIORITY NONHOUSING COMMUNITY DEVELOPMENT NEEDS

The primary beneficiaries of the Texas Community Development Block Grant program are low and moderate income persons. Very low, low, and moderate income families are defined as those earning less than 80 percent of the area median family income, as defined under the US Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section 102(c)).

GEOGRAPHIC PRIORITIES

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions through a formula based on the following factors:

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions based on the following:

The original CD formula is used to allocate 40 percent of the annual state CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual state CDBG allocation.

Original CD formula (40%) factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

HUD formula (21.71%) - the formula is the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);

- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the ORCA board, Task Forces, and input from the State Community Development Review Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Overall, funds are allocated to the following priority categories:

FUND	2010 PERCENT
Community Development Fund	61.71
Texas Capital Fund (TCF)	14.51
Colonia Fund	
Colonia Planning and Construction Fund	7.26
Colonia EDAP Legislative Set-aside	2.74
Colonia Self-Help Centers Legislative Set-aside	2.50
Planning And Capacity Building Fund	0.90
Disaster Relief/Urgent Need Fund	
Disaster Relief	4.10
Urgent Need	Deob/PI
Tx CDBG STEP Fund	3.14
Administration – Percentage (fungible)	2.28
Administration - $100,000	0.1370
Technical Assistance (fungible)	0.72
Pilot Programs (Deobligated Funds/ Program Income):	
Renewable Energy Demonstration Pilot Program	Deob/PI

Overall, this allocation methodology has resulted in approximately 90% to 97% of overall funding benefiting low and moderate income persons. It has resulted in funding the nonhousing priority needs described below while resulting in a very high percentage of awards primarily benefiting extremely low-income, low-income and moderate income households.

Nonhousing Community Development
Priority Needs Summary Table

Priority Community Development Needs	Priority Need Level H=High, M=Medium, L=Low, N=No Such Need
PUBLIC FACILITY NEEDS	M
INFRASTRUCTURE IMPROVEMENT	H
Solid Waste Disposal Improvements	M
Drainage and Flood Control Improvements	H
Water System Improvements	H
Street and Bridge Improvements	H
Sewer System Improvements	H
PUBLIC SERVICE NEEDS	M
ECONOMIC DEVELOPMENT NEEDS	H
OTHER COMMUNITY DEVELOPMENT NEEDS	M
PLANNING	H

The Priority Needs Summary Table uses the following definitions:

- High Priority (H): Activities to address this need will be funded by the State during the five-year period.
- Medium Priority (M): If funds are available, activities to address this need may be funded by the State during the five-year period.
- Low Priority (L): The State will not fund activities to address this need during the five-year period. The State will consider certifications of consistency for other entities' applications for federal assistance.
- No Such Need (N): The State finds there is no need or the State shows that this need is already substantially addressed. No certifications of consistency will be considered.[61]

The tables below illustrate the amount of community development fund application requests for the 2005 to 2008 CDBG program years. Requested amounts are included for water, sewer, engineering, street paving, administration, housing rehabilitation, drainage, removal of architectural barriers, acquisition demolition, community center, senior centers and fire protection. Under the Community Development Fund, each region through its Regional Review Committee, establishes its funding priority through scoring factors that reflect local prioritization of need. To be competitive, the applications submitted generally reflect the local needs as prioritized through the Regional Review Committee process and are therefore reflective of local needs. Each cycle, the Regional Review Committee has an opportunity to revise its local priorities to reflect any change in needs.

REQUESTS FOR COMMUNITY DEVELOPMENT PROGRAM FUNDS FOR 2005-2008 BY ACTIVITY

Activity	Amount Requested
Water Facilities	$170,716,002
Sewer Facilities	$143,577,796
Engineering/Architectural Serv.	$47,749,391
General Administration	$31,393,533
Street Improvements	$28,141,655
Flood and Drainage Facilities	$14,149,340
Planning & Urban Env. Design	$6,625,937
Rehabilitation of Private Properties	$4,631,774
Neighborhood Facilities / Community Centers	$3,075,156
Acquisition - Easement	$2,105,973
Fire Protection Facilities and Equipment	$1,757,715
Clearance Demolition Activities	$1,373,220
Parks, Playgrounds, and Other Recreational Facilities	$779,683
Economic Development Loan	$437,000
Pedestrian Malls and Walkways	$390,000
Senior Centers	$211,596
Other Public Utilities (Gas)	$137,693
Removal of Architectural Barriers	$117,800
Specially Authorized Public Facilities and Improvements	$90,956
Code Enforcement	$19,200
Total	$ 457,481,420

SUMMARY OF COMMUNITY DEVELOPMENT

There has been $170,716,002 in requests for water facilities since 2005, making this the most highly requested activity from the Community Development Fund Program. Requests for sewer facilities are second with a total of $143,577,796 in requests from 2005-2008. After water and sewer facilities, there is a significant drop in the amount of unfunded requests for other activities ranging from $47,749,391 for engineering costs to $19,200 for code enforcement activities. Overall, the program is able to funded approximately 66 percent of application requests. However, in a desire to continue to fund a certain percentage of applications within each region, the Regional Review Committees have held the maximum application amount constant for many years, in spite of the declining value of the dollar. This has resulted in smaller projects and therefore the amount of unfunded applications considerably underestimates community needs.

OBSTACLES TO MEETING UNDERSERVED NEEDS IN COMMUNITY DEVELOPMENT

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities is lack of sustainable grant funding that provides a large enough project to make it efficient and significant within the community. For example, there has been a considerable decline in the purchasing power of the annual HUD allocation to Texas since 1993 based on the U.S. Consumer Price Index. The 2008 allocation to Texas would need to be 1.43 times higher, or at a level of $103 Million, to provide the same purchasing power that would have been possible in 1993. The actual loss of purchasing power in the construction industry is considerably greater. Construction prices increased 12% from 2001 to 2005 alone. The decline in funding, both in absolute dollars, along with rising material and labor costs, have affected the scope of the projects being awarded. Most awards within TXCDBG have remained for years at the $250,000 to $350,000 range. Each year, this has resulted in smaller and smaller projects being funded that do not contribute as much to the long-term viability of the smallest towns and most sparsely populated counties.

Public comment in the past has cited a lack of grassroots local citizen participation as another obstacle to meeting underserved community development needs. Lack of citizen participation is not limited to rural areas, but may be more evident due to smaller populations. Local residents do not participate in public hearings for a variety of reasons. They may fear becoming involved with “the government” or may see the funds as a “handout.” Lack of transportation is another significant barrier for many low income individuals who may want to participate in the public hearing process. It has also been mentioned that some of their citizens do not feel comfortable speaking in a public hearing format and find the bureaucratic jargon that surrounds federal programs alienating and difficult to understand.

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.

Community Development Goals & Objectives

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.

The CDBG performance measures as defined by HUD for PY 2010 are shown below. The anticipated number is based on actual PY 2008 because of the assumption that overall the CDBG program funding level for PY 2010 will remain approximately equal to PY 2008.

CDBG Performance Measures

Objectives and Outcomes	Performance Indicators	Expected Number
SL-1	Neighborhood Facilities	4
SL-1	Water/Sewer Improvements	136
SL-2	Water/Sewer Improvements	8
SL-3	Water/Sewer Improvements	71
SL-1	Street Improvements	92
SL-2	Street Improvements	3
SL-3	Street Improvements	2
SL-1	Rehabilitation; Single Unit Residential	50
DH-2	Rehabilitation; Single Unit Residential	8

Objectives and Outcomes	Performance Indicators	Expected Number
DH-3	Rehabilitation; Single Unit Residential	2
DH-2	Homeownership Assistance	1
SL-1	Parks, Playgrounds, and Other Recreational Facilities	2
SL-1	Public Service	3
SL-1	Other Public Utilities	3
EO-3	Other Public Utilities	1
SL-1	Clearance Demolition Activities	8
SL-3	Clearance Demolition Activities	1
SL-1	Fire Stations/Equipment	4
EO-1	ED Direct Financial Assistance for For-Profits	2
EO-2	ED Direct Financial Assistance for For-Profits	30

The following TDRA performance measures are additional measures established under the State of Texas performance measure system.

The following performance measures are additional measures developed by TDRA for reporting to the state.

COMMUNITY DEVELOPMENT GOAL 1:
TO BETTER TEXAS COMMUNITIES BY SUPPORTING COMMUNITY AND ECONOMIC DEVELOPMENT.

1.1 Proposed Accomplishments: Maintain a competitive application process to distribute HUD federal funds that gives priority to basic human need projects (water, sewer, and housing), fund economic development projects that create or retain jobs, and provides ongoing technical assistance, monitoring and contract management to ensure that needs of persons to be served are met.

(A) **Specific Accomplishment:** Number New Community and Economic Development Contracts Awarded.
Outcome/objective category: SL-2

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	325	325	325	325	325

(B) **Specific Accomplishment:** Number of Projected Beneficiaries from New Contracts Awarded.
Outcome/objective category: SL-2

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	483,000	483,000	483,000	483,000	483,000

(C) **Specific Accomplishment:** Percentage of the Small Communities' Population Benefiting from Projects.
Outcome/objective category: SL-2

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	36%	36%	36%	36%	36%

(D) **Specific Accomplishment:** Number of Programmatic (CD) Monitoring Visits Conducted. *Outcome/objective category: SL-2*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	300	300	300	300	300

(E) **Specific Accomplishment:** Number of Jobs Created/Retained through Contracts Awarded Annually (TDA). *Outcome/objective category: EO-2.*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	981	981	981	981	981

COMMUNITY DEVELOPMENT GOAL 2:
TO PROVIDE TECHNICAL ASSISTANCE TO COLONIAS THROUGH FIELD OFFICES.

2.1 **Specific Accomplishment:** Number of Projected Beneficiaries from Self-Help Center Contracts Funded (TDHCA). *Outcome/objective category: SL-2*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	4,700	4,700	4,700	4,700	4,700

2.2 **Specific Accomplishment:** Number of (CD) Single Audit Reviews Conducted Annually. *Outcome/objective category: SL-2*

Specific Output	**2010**	**2011**	**2012**	**2013**	**2014**
	150	150	150	150	150

STRATEGY TO OVERCOME REGULATORY BARRIERS TO AFFORDABLE HOUSING

For an overview, please see the Regulatory Barriers to Affordable Housing section in Housing Market Analysis chapter.

Local governments and officials more often have a greater awareness of their local economic, demographic and housing conditions. In order to meet the needs of residents in all parts of the second largest state in the nation, the State of Texas gives local governments a great deal of power over their own lands. Please note that, as a governmental entity, the Department cannot lobby or attempt to influence the policies related to the governing of the State of Texas. However, TDHCA can and does encourage localities to implement specific regulatory reforms related to affordable housing.

The State of Texas does not implement zoning, impose impact, development fees or deed restrictions, or regulate building codes and so cannot directly affect these barriers. Nonetheless, TDHCA does act as an information resource to assist localities overcome unnecessary regulatory barriers which may increase the cost of housing. TDHCA accomplishes this as follows:

- Formation of a Housing and Health Services Council within TDHCA to pursue opportunities to create and conduct policy research on service-enriched housing for persons with disabilities and seniors.
- Continuing education programs such as the Texas Statewide Homebuyer Education Program, which provides lenders, homebuyer educators and consumers information on serving traditionally underserved populations (e.g. persons with disabilities, lower income populations).
- Continuing research on defining and eliminating or reducing both state and local policy barriers.

TDHCA also mitigates the affects of its environmental and public notice regulatory barriers propagated by TDHCA. For example, TDHCA offers environmental compliance training free of charge for organizations that receive funding through TDHCA. These trainings are conducted throughout the state. In this way, TDHCA helps local communities comply with environmental rules.

To overcome the public opposition roused by public notice of affordable housing developments, TDHCA acts as an information resource for affordable housing studies and information. The public often has misconceptions on which populations actually need affordable housing. For example, neighbors such as teachers, police officers, firefighters and nurses aids often spend more than 30 percent of their income on housing needs, creating a cost burden.[62] Affordable housing can allow productive members of the community to live in the same neighborhoods they serve. The public may also fear that affordable housing increases traffic, increases crime and lowers property values. In actuality, allowing people who serve the community to afford to live the same community reduces traffic by reducing the distance between where people live and where they work. Furthermore, studies have not proven a link between affordable housing and crime; factors that negatively affect crime include community disinvestment, overcrowding, lack of jobs and community services. In fact, affordable housing helps address several of these factors by allowing for community investment and alleviating overcrowding. Regarding property

[62] The Campaign for Affordable Housing. (2005). The truth about affordable housing. Retrieved from http://www.tcah.org/research.cfm.

values, studies have proven that affordable housing can actually improve property values.[63] By educating the public on the realities of affordable housing, TDHCA believes it can overcome public opposition.

[63] The Campaign for Affordable Housing. (2005) Busting the 5 myths of affordable housing. Retrieved from http://www.tcah.org/research.cfm.

LEAD-BASED PAINT HAZARD MITIGATION

For the extent of the Lead-Based Paint Hazards in Texas, please see Estimated Units with Lead-Based Paint in the Housing and Homeless Needs section.

The 1992 Community and Housing Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. HUD's final regulations for Title X (24. CFR.105) were published on September 15, 1999 and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: (1) notification of occupants about the existence of hazards so they can take proper precautions, (2) identifications of lead-based paint hazards before a child can be poisoned and, (3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" to outline risk assessments, interim controls and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.[64]

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.[65]

While TDHCA monitors its properties for compliance with these regulations, at the state level, the Texas Department of State Health Services (DSHS) has been charged with oversight of the Texas Environmental Lead Reduction Rules (TELRR). These rules cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design.

HOME AND ESGP ADDRESS LEAD-BASED PAINT

The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities and in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R.

For ESGP, TDHCA requires subrecipients to evaluate and reduce 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.

CDBG ADDRESSES LEAD-BASED PAINT

The TxCDBG encourages the reduction of lead-based hazards through favorable scoring under its Community Development 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

[64] Texas Department of State Health Services. (2007, May). Texas lead rules and HUD Rehab projects. Retrieved from http://www.dshs.state.tx.us/elp/pdf/HUDRehabProjects.pdf.
[65] Ibid

under housing rehabilitation that is funded under the Colonia Planning and Construction Fund and Community Development 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.

HOPWA Addresses Lead-Based Paint

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.

ANTI-POVERTY STRATEGY

FACTORS THAT CONTRIBUTE TO POVERTY

Understanding the nature and causes of poverty helps shape the state's goals, programs and policies for reducing the number of people in poverty. For demographic analysis of poverty, see Demographic Trends in Poverty in the Housing and Homeless Needs section. As evident in the 2005-2007 American Community Survey, there is a correlation between education and poverty: the more education, the less likely people are to be under the poverty line (see Table: Texas Annual Poverty Estimates by Educational Attainment from 2005-2007). Factors such as poor nutrition, lack of parental involvement and teen pregnancy make it difficult for those in poverty to obtain a quality education. Many also drop out of school. Without a good education, there is little hope of escaping poverty in today's competitive job market.

Table 3: Texas Annual Poverty Estimates by Educational Attainment from 2005-2007

Subject	Total	Below poverty level	Percent below poverty level
Population 25 years and over	**14,141,984**	**1,782,502**	**12.6%**
Less than high school graduate	2,963,192	815,324	27.5%
High school graduate (includes equivalency)	3,789,975	508,047	13.4%
Some college, associate's degree	3,825,536	322,379	8.4%
Bachelor's degree or higher	3,563,281	136,752	3.8%

Source: 2005-2007 American community survey 3-year estimates

According to the 2005-2007 American Community Survey, the unemployment rate of people in poverty was 31.6 percent over the three-year period (see Table: Texas Annual Poverty Estimates by Employment Status from 2005-2007). This was 26.9 percent higher than the unemployment rate for all Texans in January 2007 which was 4.7 percent.[66] High unemployment leads to serious consequences for families and individuals and unemployment can severely impact a community. The ability to generate taxes and utility revenues and to incur debt is directly related to the resources that a community's citizens have. High numbers of unemployed persons form populations that hinder a community's ability to be self-sufficient. Community service agencies see large increases in the demand for emergency assistance when their service area is affected by increased unemployment.

[66] Texas Workforce News Release. (2007, March 8). Unemployment Rate Continues to Drop. Retrieved from http://www.twc.state.tx.us/news/press/2007/030807epress.pdf.

Table: Texas Annual Poverty Estimates by Employment Status from 2005-2007			
Subject	**Total**	**Below poverty level**	**Percent below poverty level**
Civilian labor force 16 years and over	**11,337,744**	**1,140,927**	**10.1%**
Employed	10,563,102	895,922	8.5%
Unemployed	774,642	245,005	31.6%

Source: 2005-2007 American community survey 3-year estimates

THE STATE'S GOALS, PROGRAMS AND POLICIES TO REDUCE 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, (2) targeting resources to those with the greatest need and (3) coordinating assistance between service providers. The Department provides low-income persons with energy, emergency and housing assistance to meet basic necessities.

The state's housing assistance and community development focus on self-sufficiency. Certain TDHCA programs, such as Tenant-Based Rental Assistance offered through the HOME Program, require a self-sufficiency component for persons receiving assistance; rental subsidies last two to three years, after which time, clients who successfully complete the self-sufficiency component will be able to support themselves. In addition, Housing Tax Credit applicants must include supportive services that would not otherwise be available to the tenants. The self-sufficiency approach provides incentives for assisted housing residents that are willing to undertake a set of activities intended to lessen dependency. These activities are tailored to meet the needs and capabilities of each individual household and can be provided through the housing deliverer or through human service providers.

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 TDHCA programs introduce the option of homeownership to lower-income populations: the HOME Program and Housing Trust Fund offer down payment and closing cost assistance and the Single Family Bond Program offers below-market-rate loans.

While the Department does not administer conventional educational support, it does provide assistance to community organizations that manage Headstart, job training, GED programs, Basic English instruction and other programs designed to improve the educational levels of disadvantaged persons. By providing administrative funds through Community Service Block Grants, the Department community organizations provide services that TDHCA does not provide directly.

The Texas Workforce Commission (TWC) takes the lead on increasing employment. TWC offers the Temporary Assistance for Needy Families (TANF) Employment and Training. TDHCA's Emergency Shelter Grant Program and Homeless Prevention and Rapid Re-housing Program encourage their sub-grantees to promote the participation in TANF for Texans who receive emergency assistance.

To meet the varied needs of people in poverty, the state provides multiple forums for resource coordination. For example, the Texas Health and Human Services Commission maintains Community

Resource Coordination Groups. These local interagency groups are comprised of public and private providers who come together to develop individual services plans for children, youth and adults whose needs can be met only through interagency coordination and cooperation. A CRCG develops a coordinated, strengths-based agreement for coordination of services developed in partnership with the individual or family. TDHCA participates in CRCGs along with many other state partners.

HOME AND ESGP'S ANTI-POVERTY STRATEGY

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. Additionally, the Department allocates funding toward the rehabilitation and construction of affordable rental housing, incentivizing units to assist very low income households and may assist very low income households along the border by promoting the conversion of contract for deed arrangements to traditional mortgages.

ESGP 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.

CDBG'S ANTI-POVERTY STRATEGY

A substantial majority, 85%, 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, for PY2010, the state scoring portion of the largest fund category, the Community Development Fund, provides for points only if it meets the national objective of benefiting low and moderate income persons. In addition, the CDBG allocation formula used to distribute Community Development 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.

HOPWA'S ANTI-POVERTY STRATEGY

The DSHS HOPWA Program serves HIV positive persons based on income eligibility criteria of no more than 80 percent of the area median income with adjustments for family and household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the state, some Project Sponsors may set stricter local income limits to maximize and target HOPWA resources to those with very low-income or poverty-level income. While many of the HOPWA clients assisted may be at poverty-level, this is not a requirement under 24 CFR 574.3.

INSTITUTIONAL STRUCTURE OF AGENCIES

The Texas Department of Housing and Community Affairs, the Texas Department of Rural Affairs and the Department of State Health Services' main functions consist of the following:

Function A. ***To increase and preserve the availability of safe, decent and affordable housing for very low-, low- and moderate- income persons and families.***

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TDHCA has a number of programs that increase and preserve the availability of safe, decent and affordable housing. TDHCA's Housing Support Continuum consists of a series of phases that low-income households may experience at different times of their lives and the assistance provided through the network of TDHCA-funded service providers. The Housing Support Continuum has six phases: (1) Poverty and Homelessness Prevention, (2) Rental Assistance and Multifamily Development, (3) Homebuyer Assistance and Single-Family Development, (4) Rehabilitation and Weatherization, (5) Foreclosure Relief and (6) Disaster Recovery. While all of these phases address the increase and preservation of safe, decent and affordable housing for very low-, low- and moderate-income persons, (1) Poverty and Homeless Prevention and (4) Rehabilitation and Weatherization will be addressed in Function C.

(2) Rental Assistance and Multifamily Development

TDHCA offers a wide range of rental assistance, from subsidizing the rent of low-income Texans in market-rate units to subsidizing developments that provide reduced rent for low-income Texans. The Section 8 Housing Choice Voucher Program, the HOME Program's Tenant-Based Rental Assistance and the Housing Trust Fund Program's Rental Assistance help low-income Texans who need rent subsidization in order to retain their housing. The HOME Program's Rental Housing Development, the Housing Trust Fund Program's Rental Development, the Housing Tax Credit Program and the Multifamily Bond Program subsidize developments that provide reduced rents for low-income Texans.

(3) Homebuyer Assistance and Single-Family Development

After a low-income household has become self-sufficient, the household may be ready for homeownership. TDHCA works to ensure that potential homeowners understand the responsibilities of homeownership by offering homeownership education courses as well as providing financial tools to make homeownership more attainable.

To help create informed consumers, TDHCA's Colonia Self Help Centers Program and Texas Statewide Homebuyer Education Program provide homebuyer counseling through experienced homebuyer education providers.

TDHCA also offers a broad range of financial tools to help low-income Texans transition into homeownership. The HOME Program's Homebuyer Assistance and the Housing Trust Fund Program's Homebuyer Assistance programs provide down payment and closing cost assistance. The First Time

Homebuyer Program has "unassisted funds" which provide below-market mortgage financing through participating lenders and "assisted funds" which provide below-market mortgage financing along with down payment and closing cost assistance. The Mortgage Credit Certificate Program provides tax credits that reduce the federal income taxes, dollar-for-dollar, and thus reduce monthly mortgage payment for qualified households.

Beyond down payment assistance, below-market mortgages and tax credits, TDHCA offers programs that assist in the development of housing to increase homeownership opportunities for low-income Texans. The Texas Bootstrap Loan Program promotes homeownership 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 through an owner-builder model. TDHCA also works with Community Housing Development Organizations to subsidize the development of single-family housing that will be sold to low-income households. The HOME Single Family Development program offers Community Housing Development Organizations loans or grants to construct residential subdivisions, acquire and rehabilitate single-family homes and offer down payment assistance.

(5) Foreclosure Relief

As a result of the national foreclosure crisis, TDHCA has undertaken several programs to mitigate foreclosure. TDHCA applied for and received federal funding through the National Foreclosure Mitigation Counseling program. Under this program TDHCA supplies funds to reimburse foreclosure counseling agencies for foreclosure counseling.

TDHCA also administers a Neighborhood Stabilization Program which uses federal funds to rehabilitate, resell or redevelop foreclosed or abandoned properties. This program will stabilize communities by utilizing properties that have the potential to become sources of blight.

(6) Disaster Recovery

When natural and man-made disasters strike, low-income households are often the most dramatically affected. In an effort to reduce the recovery time, almost every department in TDHCA offers some sort of disaster assistance.

After a disaster, basic needs must be met as soon as possible. The Community Services Division offers a portion of the Community Service Block Grant funds for low-income persons who live in communities impacted by a disaster. The emergency disaster relief funds provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items and replacement of essential appliances including stoves, refrigerators and water heaters.

Some TDHCA programs are dedicated specifically to meet the needs of communities affected by natural disasters. TDHCA's Disaster Recovery Division helps to administer two Community Development Block Grants (CDBG) Disaster Recovery Programs for Hurricanes Rita and Katrina and will help to administer one CDBG Disaster Recovery Program for Hurricanes Dolly and Ike. For households affected by natural disasters, CDBG Disaster Recovery Program funds may be used for home rehabilitation and reconstruction, reconstruction of affordable rental housing stock in the impacted areas, restoration of critical infrastructure, restoration of community facilities and economic development.

For low-income households who rent, the Housing Tax Credit Program has certain amounts allocated specifically for recovery from Hurricanes Rita, Dolly and Ike. In 2005, Housing Tax Credits were set aside for building income-qualified apartments in the Gulf Coast Opportunity Zone after Hurricane Rita. In 2008, Housing Tax Credits were reserved for low-income apartment development for the counties affected by Hurricane Ike.

To address longer-term recovery, deobligated HOME Program funds may be used for disaster relief through the HOME Program's Homeowner Rehabilitation Assistance. These funds target eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster.

Although some household's may receive federal assistance after a disaster, some homeowners may still lack a small amount of funds for repair or rehabilitation. The Housing Trust Fund Program offers the Disaster Recovery Homeowner Repair Gap Financing Program to assist qualified households, who are lacking only a small portion of funding, fulfill their full cost of construction.

To strengthen the recovery efforts of communities affected by disasters, the Texas First Time Homebuyer Program offers targeted funds which are used for home loans to qualified homebuyers wishing to purchase within the 22 East Texas counties designated under the Gulf Opportunity Zone Act and the 22-county area known as the Rita Go Zone.

TEXAS DEPARTMENT OF RURAL AFFAIRS

Texas Community Development Block Grant Program (Texas CDBG)

The Texas Community Development Block Grant (TxCDBG) Program administered by the Texas Department of Rural Affairs (TDRA) assists local governments in the development of viable communities. The program provides federal grants to non-entitlement cities and counties to be used for various types of eligible public facilities, economic development, housing assistance and planning activities. Each year, Texas receives an allocation of federal Community Development Block Grant (CDBG) funds to be used primarily to assist persons of low and moderate income. These funds are distributed by TDRA to eligible cities and counties through the following funding categories to meet the diverse needs of Texas citizens.

Project management oversight occurs throughout the implementation of the funded activities. This includes monitoring the expenditure of funds to ensure timely project implementation and disbursement. Technical assistance is provided as needed throughout the contract period. Program monitoring visits are conducted at least once per contract period. The visits include financial reviews aimed at ascertaining the financial accountability of the sub-grantee.

Assistance is available in six funding categories and one pilot program under the Texas Community Development Block Grant Program as indicated below:
Funds:

1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
    - 3a. Colonia Planning and Construction Fund
    - 3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
    - 3c. Colonia Self-Help Centers Legislative Set-Aside
4. Planning and Capacity Building Fund

5. Disaster Relief/Urgent Need Fund
6. Tx CDBG STEP Fund

Pilot Program: Renewable Energy Demonstration Pilot Program

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.

Community Development Fund

This fund is available (primarily for public facilities and housing assistance) through a biennial competition. A competition is held in each of the 24 state planning regions and scoring of applications is shared between ORCA and Regional Review Committees. Funds for projects under the Community Development Fund are allocated among the 24 state planning regions according to a two-part formula based on population, poverty and unemployment and the HUD allocation formula. The HUD allocation formula portion uses the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages and methodology are specified in 42 USC 5306(d).

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region.

Texas Capital Fund

This fund is available for projects that will create or retain jobs, primarily for low to moderate income persons and for projects that will stimulate economic development in downtown areas. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used for eligible activities as cited in Section 105 of Title I of the Housing and Community Development Act of 1974, as amended.

Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas that meet the definition of a "colonia" under this fund. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems and lack of decent, safe and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez

National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

Colonia Planning and Construction Fund

The allocation is distributed on a biennial basis through a competition in the first year of the biennial cycle. Funding priority is given to applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (EDAP) for TxCDBG projects which provide assistance to colonia residents who cannot afford the cost of service lines, service connections and plumbing improvements associated with access to the Texas Water Development Board EDAP-funded water or sewer system. The fund generally funds water, wastewater, septic systems, and housing rehabilitation.

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2009 program year application deadline are eligible to receive a grant award from the 2009 and 2010 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

Colonia Economically Distressed Areas Program (EDAP) Legislative Set-Aside

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

An applicant may not have an existing CEDAP contract open in excess of 48 months and still be eligible for a new CEDAP award.

Colonia Self-Help Centers Legislative Set-Aside

In accordance with Subchapter Z, Chapter 2306, Government Code, and Title 10, Texas Administrative Code, Part 1, Chapter 3, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

Planning and Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans.

Disaster Relief and Urgent Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or the President has issued a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of Tx CDBG funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2009 and 2010 Community Development Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2010 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2009 or 2010 Community Development Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Pilot Program - Renewable Energy Demonstration Pilot Program

The TxCDBG has developed a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority is for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. Most projects funded will meet the National Objective of benefiting a "target area" where at least 51 percent of the residents are low and moderate income persons, although a project would be allowed to qualify under other National Objective alternatives.

Texas Department of State Health Services

The Texas Department of State Health Services (DSHS) addresses the issue of housing assistance for AIDS patients through the Housing Opportunities for Persons with AIDS (HOPWA) Program. The DSHS HOPWA Program provides two activities: emergency assistance and rental assistance. The Emergency Assistance Program provides short-term rent, mortgage and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. This program enables low income individuals at risk of becoming homeless to remain in their current residences for a period not to exceed 21 weeks in any 52-week period. The Rental Assistance Program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low income clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other housing

DSHS contracts with eight Administrative Agencies, which contract directly with the Project Sponsors serving all 26 HSDAs in the state to administer the HOPWA program. The AAs also administer the delivery of a range of other HIV health and social services, including the Ryan White grant and State HIV Services funds. This structure ensures the coordination of all agencies serving people with HIV/AIDS, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV/AIDS in each local community. HOPWA program information is made available to all HIV service agencies in the HSDA and a referral network is established for potential clients. DSHS HOPWA clients are linked through their case managers to a comprehensive network of medical care and supportive services for persons living with HIV/AIDS and their families, consisting of 64 local providers across the state. HOPWA Project Sponsors collaborate locally with these providers to ensure that clients receive the services they need to begin treatment and remain in care. Additionally, Project Sponsors collaborate with local housing authorities in their areas to assure that HOPWA clients are referred to the housing programs and services that best fit their needs and circumstances. Most notable is collaboration of Project Sponsors with local Housing Choice Voucher programs.

Function B.
Promote improved housing conditions for extremely low, very low and low-income households by providing information and technical assistance.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

One of the main charges of the Department of Policy and Public Affairs and the Housing Resource Center is to provide information and technical assistance. The Department of Policy and Public Affairs disseminates information and is a liaison between TDHCA and industry stakeholders, advocacy groups and the executive and legislative branches of state and Federal government. The Housing Resource Center acts as a central clearinghouse for information regarding TDHCA programs and general housing-related issues.

While every division at TDHCA that administers programs also offers information and technical assistance to its sub-recipients, the Office of Colonia Initiatives (OCI) has specific programs aimed at promoting improved housing conditions. 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 colonia residents and communities along the Texas-Mexico border region. Each BFO is responsible for marketing Department programs and services to colonia and border residents and networking with local governments, state and federal agencies, nonprofits and private organizations. In addition, OCI oversees the Colonia Self-Help Centers (SHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb counties and any other county if designated as an economically distressed area. Colonia SHCs have also been established in Maverick and Val Verde counties. Colonia SHCs provide concentrated onsite technical assistance to low- and very low-income individuals and families regarding housing and community development activities, infrastructure improvements and outreach and education. OCI manages a toll-free hotline, 1-800-462-4251, in both English and Spanish that allows colonia residents to voice concerns and/or request information.

TDRA OUTREACH SERVICES

TDRA staff perform educational activities regarding agency-related programs and services. Training is provided primarily through scheduled workshops and visits to rural cities and counties eligible for TDRA CDBG funding to assist communities in providing essential public infrastructure, housing, and economic development services and with resolving financial, social and environmental problems in their communities. Additionally, TDRA staff provide technical assistance to constituents with general information requests. Additional information is furnished in response to telephone and written requests and through the preparation and distribution of publications. TDRA uses staff located in both its regional field offices and headquarters office to provide this information and technical assistance.

Function C.
Improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Two phases of TDHCA's Housing Support Continuum improve living conditions for the poor and homeless and reduce the cost of home energy for low-income Texans. They are as follows:

(1) Poverty and Homelessness Prevention

For Texans who struggle with poverty or are currently homeless, TDHCA offers several programs that provide essential services to assist with basic necessities. The Community Services Block Grant Program provides essential services such as child care, health and human services, job training, farmworker assistance, nutrition services and emergency assistance that may prevent poverty. To assist low-income Texans who may have a residence but struggle to pay energy costs associated with housing, the Comprehensive Energy Assistance Program provides utility subsidies and education. The Emergency Shelter Grants Program funds homeless shelter development or preservation and emergency rental assistance.

(4) Rehabilitation and Weatherization

In the course of homeownership, there may come a time when substantial rehabilitation or reconstruction needs to take place. The HOME Program's Owner-Occupied Housing Assistance and the Housing Trust Fund Program's Rehabilitation Assistance provide loans or grants for the repair or reconstruction of a low-income homeowner's existing home.

Furthermore, low-income Texans may need weatherization services to help control energy costs and thus keep the home affordable, whether they rent or own. TDHCA offers the Weatherization Assistance Program which allocates funding regionally to help households control energy costs through the installation of storm windows, attic and wall insulation, weather-stripping and sealing and energy consumption education.

Function D. Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Compliance and Asset Oversight Division

The Compliance and Asset Oversight Division ensures housing program compliance and financial compliance with federal and state regulatory mandates through established oversight and monitoring procedures. On-site monitoring visits and desk reviews are mechanisms used for in-depth investigation and overall assessment, respectively.

Subrecipients of Federal Funds

Subrecipients of federal funds are monitored for compliance with contractual, single audit; OMB circular; and financial requirements. In-depth financial monitoring and technical assistance occur to improve program responsibility, financial accountability; and fiscal responsibility. In addition, financial reviews are conducted through team monitoring visits when necessary and may be conducted upon the request of and in concert with other TDHCA divisions.

Multifamily and Single Family Rental Properties

Multifamily and single family rental properties are monitored for long-term compliance with all program requirements, including rent caps, income limits and property condition. Training programs, owner consultation and written guidelines are among the strategies used to promote compliance.

Procedures used by the Department are explained more fully under the Monitoring Section of the Consolidated Plan.

Function E.
Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Manufactured Housing Division

The Manufactured Housing Division administers, regulates, and enforces the Texas Manufactured Housing Standards Act (Tex. Occ. Code, Chapter 1201). This act imposes certain standards on the construction and installation of manufactured housing; requires occupational licensing of manufactured home manufacturers, retailers, installers, brokers, rebuilders and salespersons; and provides fair and effective consumer remedies. The US Department of Housing and Urban Development (HUD) approved the Manufactured Housing Division to act as a State Administrative Agency (SAA) in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974. As an SAA, the Manufactured Housing Division monitors home manufacturers for compliance with HUD regulations for notifications and corrections concerning nonconformance and defects in manufactured homes. Routinely, the division personnel conduct the following inspections and investigations: installation inspections at homeowner sites to verify that the anchoring and support systems meet standards and that the sections of the home have been joined properly; record/file reviews of consumer complaints at manufacturing plants; consumer complaint inspections at home sites; and inspections of homes at retailer locations to check for transit damage, label tampering and general retailer performance and compliance.

In addition to enforcement and consumer protection, the division also issues statements of ownership and location (previously known as titles), maintaining records indicating who owns a home, where it is located, whether the owner has elected to treat the home as personal property or real property and, whether there are any liens on the home. The division maintains the State master database for all such information on manufactured homes, including all records related to tax liens and responds to requests for information from license holders and the general public. The division resolves consumer complaints through informal and formal means and provides for the administration of the Texas Manufactured Homeowners' Recovery Trust Fund."

GAPS IN SERVICE

Identified gaps in service for TDHCA include recent changes in organizational structure and communication of the need for affordable housing and the Department's accomplishes. Some of the key obstacles include the lack of financial resources, lack of public trust, limited staff resources and limited data capability. Strengths or opportunities for improvement include reorganization to better manage increased funding, improved accountability and communication, training and cross-training opportunities and technological improvements.

INSUFFICIENT FINANCIAL RESOURCES

Before the additional funding was made available through the American Recovery and Reinvestment Act of 2009, TDHCA was able to reach one percent of those in need with approximately $474 million in yearly funding available. TDHCA may receive up to $1,016.5 million in Recovery Act funds for a three-year period starting in 2009. Even if TDHCA were able to double the percentage served, given Texas' size in population and geography, the additional funding still does not meet a majority of the percentage of those in need. While TDHCA works to receive results for its investments in the public good, no amount of efficiency will overcome this lack of funding.

LACK OF PUBLIC TRUST

Texas is famous for its independent nature. As such, Texans can often be distrustful of government assistance. As a result, those needing assistance may not follow through with receiving assistance because of reporting or loan requirements. In addition, public opposition may arise to affordable housing development because of distrust in management and oversight of the properties.

STAFF RESOURCES

While TDHCA is receiving more than double its funding amount through the Recovery Act, TDHCA will only increase its staff size by approximately twenty-five percent. In addition, the Department's sub-recipients must also add a large amount of staff in a short period of time to adjust for additional funding available through the Recovery Act. New staff must receive training or, at a minimum, learn procedures specific to government. Because the Recovery Act funds must be spent or obligated within three years, TDHCA and its sub-recipients are working to find qualified staff available for a three-year period.

DATA COLLECTION

Since the creation of TDHCA in 1991, Department programs have maintained data in separate databases. Since that time, data compilation has been a main obstacle to effective agency operations. TDHCA's 15-plus programs' varying reporting requirements, report formats and data storage methods have made performance reporting and analysis difficult.

ACTIONS TO OVERCOME SERVICE GAPS

REORGANIZATION

Partly as an effort to best manage additional funding made available through the American Recovery and Reinvestment Act of 2009, TDHCA added a new key position: Deputy Executive Director for Community Based Programs. This Deputy Executive Director oversees many of the divisions which have new programs created through the Recovery Act, such as the Homeless Prevention and Rapid Re-housing Program. In addition, the Department also created a Recovery Act Project Manager position to help the Department with oversight of Recovery Act funds. Because some divisions have now been moved under the Deputy Executive Director of Community Based Programs, TDHCA underwent a general reorganization which will better define responsibilities and increase accountability.

IMPROVED ACCOUNTABILITY AND COMMUNICATION

To address public distrust, TDHCA works to improve relationships with external entities. With the new management of Recovery Act funds, TDHCA will add a level of transparency and increase its reporting requirements, showing the effectiveness of its programs. The Department strives to be responsive to the Legislature and the public at large. Furthermore, as affordable housing becomes a more pressing issue, the Department believes that we can be an information resource to help local communities identify and address their specific needs.

TRAINING AND CROSS-TRAINING OPPORTUNITIES

Increased funding leads to increased work for existing staff and a need for new staff. TDHCA makes every effort to offer training opportunities to its employees. This includes training offered through other government agencies, such as the State Office of Risk Management and the Comptroller, as well as tuition reimbursement for classes related to duties at work. Furthermore, TDHCA also offers cross-training, a chance for employees to learn the responsibilities of another position at the Department. Cross-training allows for greater flexibility in staff positions as well as providing back up assistance when staff is called out of the office. While this does not address the shortage of staff available, it helps existing and new staff be more efficient and effective in their positions.

For sub-recipients, the Department offers technical assistance and training with every contract awarded. Moreover, TDHCA is developing training tracks for certain programs. For instance, to prepare for the increased funding for the Weatherization Assistance Program, TDHCA is working with a contractor to create a Training Academy that specializes in teaching weatherization techniques and management.

TECHNOLOGICAL IMPROVEMENTS

The Information Systems Division has made significant progress in the development of a central database, which will provide a single means of access, reporting and data consolidation. For several programs, sub-recipients now are able to report directly into the central database. While this feature is not yet available for all programs, it has increased the efficiency of the reporting process. The end result will be one source for all information and data reporting needs. The new data warehouse will provide increased usability, data sharing and most importantly data integrity.

COORDINATION OF HOUSING AND SERVICES

Understanding that no single entity will be able to address the enormous needs of the state of Texas, TDHCA, TDRA and DSHS support the formation of partnerships in the provision of housing, housing-related and community development endeavors. The departments work with many housing and community development 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. Finally, a greater variety of resources insure a well targeted more affordable product.

FAIR HOUSING COORDINATION

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin. 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. TDHCA addresses fair housing by complying with the Texas Fair Housing Act in TDHCA administered programs and coordinate fair housing efforts with the Human Rights Division of the Texas Workforce Commission, which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.

PERSONS WITH DISABILITIES COORDINATION

The Promoting Independence Advisory Committee (PIAC) assists the Health and Human Services Commission 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 individuals who are desirous of community placement, appropriate for community placement as determined by the state's treatment professionals and do not constitute a fundamental alteration in the state's services. TDHCA participates in PIAC meetings and is a member of the Housing subcommittee.

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 has actively maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA's programs can most effectively serve persons with disabilities.

The Department is creating a Housing Heath Services Council (HHSC) within the Housing Resource Center to address issues related to Olmstead v. L. C. The HHSC will conduct research and identify funding opportunities to create service-enriched housing for persons with disabilities and seniors.

PERSONS WITH HIV/AIDS COORDINATION

DSHS addresses the housing needs of AIDS patients through HOPWA. 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. In addition to the DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston and San Antonio receive HOPWA funds directly from HUD.

The Housing Tax Credit (HTC) Program addresses the needs of people with HIV/AIDS. According to the 2009 Housing Tax Credit Program Qualified Allocation Plan (QAP), HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with AIDS/HIV.

HOMELESS POPULATIONS COORDINATION

The first phase of TDHCA's Housing Support Continuum outlined in the Institutional Structure of Agencies section is (1) Poverty and Homelessness Prevention which includes the Community Services Block Grant Program, the Comprehensive Energy Assistance Program and the Emergency Shelter Grant Program, all programs that address or prevent homelessness.

While the HTC Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural rental housing, the HTC Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the 2009 Housing Tax Credit Program QAP, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people who are homeless.

In addition, the Housing Trust Fund may develop or rehabilitate transitional housing and permanent supportive housing for homeless populations. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

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. The Council's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service 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; and
- maintaining a central resource and information center for the homeless.

Within Reach: Solutions to Homelessness in Texas

In the winter of 2009, the Department will release a publication entitled Within Reach: Solutions to Homelessness in Texas. The draft publication discusses the coordination of state and local resources to prevent and address homelessness. A summary of this publication can be found in the State Overview of Homeless Solutions above.

ESGP Address Homeless Populations

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.

COORDINATION AMONG STATE AND UNITS OF LOCAL GOVERNMENT

The state agencies are primarily funding entities whose chief function is to distribute program funds to local conduit providers that include units of local government, nonprofit and for profit organizations, community-based organizations, private sector organizations, real estate developers and local lenders. Because the agencies do not fund individuals directly, coordination with outside entities is key to the success of its programs.

HOUSING TAX CREDIT USE

The Housing Tax Credit Program was created by the Tax Reform Act of 1986, and was first utilized by the real estate development community during calendar year 1987. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program. It authorizes tax credits in the amount of $2.00 per capita for each state. In Texas, this amount currently equates to an annual award of approximately $47,800,000 in tax credits. The Department is the only entity in the state of Texas with the authority to allocate tax credits under this program. The HTC Program provides for the construction or renovation of approximately 12,000 units of affordable multifamily housing annually throughout Texas.

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.

Pursuant to Section 42 of the Code, the Department must develop a plan for the selection of eligible projects based on broad guidelines designed to provide housing for the low-income tenants. This plan is known as the Qualified Allocation Plan and Rules (QAP). Applications are received by the Department and evaluated under this plan at least once a year. It is the goal of TDHCA to encourage diversity through broad geographic allocation of tax credits within the state, and to promote maximum utilization of the available tax credit amount. The criteria utilized to realize this goal includes a point based scoring system referred to as the "Selection Criteria" and an evaluation of each application's

- financial feasibility,
- quantifiable community participation or written statements of support or opposition,
- income levels of the tenants,
- size and quality of the units in the development,
- commitment of development funds by local political subdivisions,
- level of community support from state elected officials,
- rent levels of the units,
- cost of the development by square foot,
- services provided to the tenants of the development,
- other criteria that furthers the achievement of the Department's mission.

Applications deemed to have a high priority based on the review criteria, are subject to an underwriting review that evaluates the development's projected construction costs and financial feasibility. Applications that pass the underwriting process and are determined to have the highest priority will be presented to TDHCA's Board of Directors for consideration.

The Department's Qualified Allocation Plan also sets forth a minimum set of threshold requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and a market and environmental study.

Pursuant to federal statute, the Department is required to allocate at least 10 percent of the housing credit ceiling to qualified nonprofit organizations.

ACTION PLANS

§ 91.320 Action plan.

The action plan must include the following:

(a) Standard Form 424;

(b) A concise executive summary that includes the objectives and outcomes identified in the plan as well as an evaluation of past performance, a summary of the citizen participation and consultation process (including efforts to broaden public participation) (24 CFR 91.300 (b)), a summary of comments or views, and a summary of comments or views not accepted and the reasons therefore (24 CFR 91.115 (b)(5)).

(c) Resources and objectives—

(1) Federal resources. The consolidated plan must provide a concise summary of the federal resources expected to be made available. 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 identified in the plan;

(3) Annual objectives. The consolidated plan must contain a summary of the annual objectives the state expects to achieve during the forthcoming program year.

(d) 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, the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan, and any obstacles to addressing underserved needs.

(e) Outcome measures. Each state must provide outcome measures for activities included in its action plan in accordance with guidance issued by HUD. For the CDBG program, this would include activities that are likely to be funded as a result of the implementation of the state's method of distribution.

(f) Geographic distribution. A description of the geographic areas of the State (including areas of low-income and minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically. When appropriate, the state should estimate the percentage of funds they plan to dedicate to target area(s).

(g) Affordable housing goals. The state must specify one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units using funds made available to the state, and one-year goals for the number of homeless, non-homeless, and special-needs households to be provided affordable housing using funds made available to the state. The term affordable housing shall be as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership.

(h) 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 percent of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, specific action steps to end chronic homelessness, and to address the special needs of persons who are not homeless identified in accordance with Sec. 91.315(e);

(i) <u>Barriers to affordable housing</u>. Actions it plans to take during the next year to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing. Such policies, procedures, and processes include but are not limited to: land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment.

(j) <u>Other actions</u>. Actions it plans to take during the next year to implement its strategic plan and 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), evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, enhance coordination between public and private housing and social service agencies, address the needs of public housing (including providing financial or other assistance to troubled public housing agencies), and encourage public housing residents to become more involved in management and participate in homeownership.

(k) <u>Program-specific requirements</u>. In addition, the plan must include the following specific information:

(1) <u>CDBG</u>. The action plan must set forth the state's method of distribution.

(i) 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, where applicable. The action plan must include a description of how all CDBG resources will be allocated among funding categories and the threshold factors and grant size limits that are to be applied. The method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it, understand what criteria and information their application will be judged, and be able to prepare responsive applications. The method of distribution may provide a summary of the selection criteria, provided that all criteria are summarized and the details are set forth in application manuals or other official state publications that are widely distributed to eligible applicants. HUD may monitor the method of distribution as part of its audit and review responsibilities, as provided in Sec. 570.493(a)(1), in order to determine compliance with program requirements.

(ii) If the state intends to help nonentitlement units of general local government apply 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 government's revitalization strategies.

(2) <u>HOME</u>.

(i) The state shall describe other forms of investment that are not described in 24 CFR 92.205(b).

(ii) If the state intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in 24 CFR 92.254.

(iii) If the state intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the state will refinance existing debt. At minimum, the guidelines must:

(A) Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.

(B) Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated.

(C) State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.

(D) Specify the required period of affordability, whether it is the minimum 15 years or longer.

(E) Specify whether the investment of HOME funds may be state-wide or limited to a specific geographic area, such as a community identified in a neighborhood revitalization strategy under 24 CFR 91.315(g), or a federally designated Empowerment Zone or Enterprise Community.

(F) State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including the CDBG program.

(iv)If the state will receive funding under the American Dream Downpayment Initiative (ADDI) (see 24 CFR part 92, subpart M), it must include:

(A) A description of the planned use of the ADDI funds;

(B) A plan for conducting targeted outreach to residents and tenants of public and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide downpayment assistance for such residents, tenants, and families; and

(C) A description of the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

(3) <u>ESG</u>. The state shall identify 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 (including community and faith-based organizations).

(4) <u>HOPWA</u>. For HOPWA funds, the state must specify one-year goals for the number of households to be provided housing through the use of HOPWA activities for short-term rent; mortgage and utility assistance payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities that are being developed, leased or operated with HOPWA funds, and shall identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations).

[71 FR 6969, Feb. 9, 2006]

The 2010 One-Year Action Plan illustrates the combined actions of the Texas Department of Housing and Community Affairs (TDHCA), Texas Department of Rural Affairs (TDRA), and Department of State Health Services (DSHS), referred to collectively as the State. The One-Year Action 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) 2009. The PY begins on February 1, 2010 and ends on January 31, 2011. The performance report on PY 2009 funds will be available in May 2010.

One-Year Action Plan consists of the following sections:

- Summary. Provides a detailed synopsis of the One-Year Action Plan.
- General Information. A description of the State's plan to undertake other activities that fulfill requirements of §91.320 (i) and (j).
- Action Plans. Program-specific plans for HOME, ESGP, CDBG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).

OBJECTIVES AND OUTCOMES

The 2010 One-Year Action Plan:

1. 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) 2010
2. Explains the State's method for distributing CDBG, ESG, HOME, and HOPWA program funds
3. Provides opportunity for public input on the development of the annual plan

The State's progress in achieving the goals put forth in the One-Year Action Plan will be measured according to HUD guidelines (24 CFR 91.520) and outlined in the 2009 Annual Performance Report.

In accordance with the guidelines from HUD, the State complies with the new CPD Outcome Performance Measurement System. Program activities are categorized into the objectives and outcomes listed in the chart below.

	OUTCOME 1 Accessibility	**OUTCOME 2** Affordability	**OUTCOME 3** Sustainability
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility (**SL-1**)	Enhance Suitable Living Environment Through Improved/New Affordability (**SL-2**)	Enhance Suitable Living Environment Through Improved/New Sustainability (**SL-3**)
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability (**DH-1**)	Create Decent Housing with Improved/New Affordability (**DH-2**)	Create Decent Housing with Improved/New Sustainability (**DH-3**)
OBJECTIVE #3 Economic	Provide Economic Opportunity Through	Provide Economic Opportunity Through	Provide Economic Opportunity Through

	OUTCOME 1 Accessibility	OUTCOME 2 Affordability	OUTCOME 3 Sustainability
Opportunity	Improved/New Accessibility (EO-1)	Improved/New Affordability (EO-2)	Improved/New Sustainability (EO-3)

The objectives and outcomes as they apply to each of the four programs are listed below. The performance figures are based on planned performance during the Program Year (February 1st through January 31st) of contracts committed and projected households to be served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on anticipated units and households at time of award.

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	Rental units assisted through new construction and rehabilitation	233
DH-2	Tenant-based rental assistance units	310
DH-2	Existing homeowners assisted through owner-occupied assistance	194
DH-2	First-time homeowners assisted through homebuyer assistance	305

ESGP Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	28,000
DH-2	The provision of non-residential services including homelessness prevention assistance.	72,000

CDBG Performance Measures

Objectives and Outcomes	Performance Indicators	Expected Number
SL-1	Neighborhood Facilities	4
SL-1	Water/Sewer Improvements	136
SL-2	Water/Sewer Improvements	8
SL-3	Water/Sewer Improvements	71
SL-1	Street Improvements	92
SL-2	Street Improvements	3
SL-3	Street Improvements	2
SL-1	Rehabilitation; Single Unit Residential	50
DH-2	Rehabilitation; Single Unit Residential	8
DH-3	Rehabilitation; Single Unit Residential	2
DH-2	Homeownership Assistance	1
SL-1	Parks, Playgrounds, and Other Recreational Facilities	2
SL-1	Public Service	3
SL-1	Other Public Utilities	3
EO-3	Other Public Utilities	1
SL-1	Clearance Demolition Activities	8
SL-3	Clearance Demolition Activities	1
SL-1	Fire Stations/Equipment	4
EO-1	ED Direct Financial Assistance for For-Profits	2
EO-2	ED Direct Financial Assistance for For-Profits	30

HOPWA Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	TBRA housing assistance	550
DH-2	STRMU housing assistance	700
DH-2	Supportive Services (restricted to case mgt., smoke detectors, and phone service)	1250
DH-1	Permanent Housing Placement (security deposits, application fees, credit checks)	20

EVALUATION OF PAST PERFORMANCE

The HOME Program committed $31,867,373 with 1,302 total beneficiaries reported in PY 2008 (February 1, 2008, through January 31, 2009). Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2008

Activity	Amount
Homebuyer Assistance (all activities)	$4,076,177
Owner Occupied Housing Assistance	$17,880,532
Tenant Based Rental Assistance	$2,388,020
CHDO Rental Development	$3,750,573
CHDO Operating Expenses	$75,000
Rental Housing Development	$3,697,071
Total	$31,867,373

ESGP funds received for PY 2008 were awarded in May 2008. The State ESGP contracts using PY 2008 funds began on September 1, 2008, and will end August 31, 2009, corresponding with the Texas State Fiscal Year (FY). For PY 2008, ESGP committed $5,695,510 through 78 grants, including shared administrative funds.

PY 2008 ESGP Fund Expenditures by Activity
(FY'07 2/1/08-8/31/08 and FY'08 9/1/08-1/31/09)

	Funding Amount	Percentage
Rehabilitation	$6,520	.11%
Maintenance, Operations	$2,395,121	42.05%
Essential Services	$1,299,178	22.82%
Homeless Prevention	$1,644,858	28.88%
Operations Administration	$331,615	5.82%
Administration shared w/local govts	$18,218	.32%
Total Funds Committed	**$5,695,510**	

**Includes ESG expenditures from two contract periods, FY 2007 and FY 2008*

During Program Year 2008, the Texas CDBG Program committed a total of $86,831,666 through 328 awarded contracts. For contracts that were awarded in PY 2008, 858,021 persons received service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY 2008

Fund	Program Description	2008 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	$30,555,382
Community Development	Allocates additional funds among the 24 state planning regions using a different allocation formula.	16,421,690

Fund	Program Description	2008 Total Obligation
Supplemental Fund	Same application and purposes as the Community Development Fund.	
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	7,982,650
Colonia Construction Fund	Provides grants for colonia projects; primarily water, sewer and housing.	5,270,000
Colonia EDAP Fund	Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	1,905,000
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans. Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	155,000
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	3,600,000
Non-Border Colonia	This fund is available on a biennial basis to eligible county applicants for primarily water and sewer projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and within non-entitlement counties.	728,403
Planning / Capacity Building	Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.	654,920
Disaster Relief/ Urgent Need	Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and Urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	14,343,789
STEP Fund	Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	3,526,118
Renewable Energy Demonstration Pilot Program	Provides grants to cities and counties for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy). The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water.	988,714
Rural Health Pilot Project	Pilot program to provide access to health cares services.	500,000
Micro-Enterprise Loan	Provides a tool for rural communities to assist their	200,000

Fund	Program Description	2008 Total Obligation
Fund	very small businesses (5 or fewer employees) access capital.	
Total		**$86,831,666**

The HOPWA Program expended $2,887,535 with 2,341 beneficiaries of housing assistance reported in PY 2008. Funds were used toward tenant-based rental assistance and emergency assistance to prevent homelessness of low-income persons with HIV/AIDS. Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 2008

Activity	Amount
Expenditures for Housing Information Services	$0
Expenditures for Resource Identification	$0
Expenditures for Housing Assistance (equals the sum of all sites and scattered-site Housing Assistance)	$2,337,316
Expenditures for Supportive Services	$352,420
Grantee Administrative Costs expended	$46,419
Project Sponsor(s) Administrative Costs expended	$151,380
Total of HOPWA funds expended during period	**$2,887,535**

CONSULTATION AND PUBLIC PARTICIPATION

The Action Plan will be made available for public comment from September 18, 2009, through October 19, 2009 in the Consolidated Plan. Public comment and public participation is detailed in the Citizen Participation Plan in the Consolidated Plan.

GENERAL INFORMATION

The following section outlines the State's strategies in regard to eight categories of required actions. These categories include Available Resources, Meeting Underserved Needs, Monitoring, and Lead-Based Paint Initiatives.

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 FY 2009 in the areas eligible for TDHCA HOME funds.

Source	Funding Level
Texas Housing Trust Fund	$2,107,907*
Housing Opportunities for Persons with HIV/AIDS	$414,258*
HUD PHA Capital Funds	$37,224,079*
HUD Housing Choice Vouchers (Sec. 8)	$134,482,200*
USDA Multifamily Development	$11,342,349*
USDA Rental Assistance	$29,357,721*
Housing Tax Credits	$134,274,704*
TXBRB Multifamily Tax Exempt Bond	$8,060,000*
Housing Tax Credits w/ MF Tax Exempt Bond	$6,709,496*
USDA Owner Occupied	$32,771,957*
TXBRB Single Family Bond	$154,566,041*
HUD HOME Investment Partnerships Program	$39,998,700*
Total	$590,309,412*

* These amounts are for FY 2008. FY 2009 data is not yet available, but will be published in the final version of this document.

HOPWA

Leveraged funds are absolutely essential for the provision of HOPWA program administration and supportive services for HOPWA clients in the state of Texas. DSHS, AAs, and Project Sponsors expect to continue to receive leveraged funds from federal, state, local, and private resources to administer the HOPWA program and to achieve established program objectives for 2010. Based on leveraged funds received in 2008, DSHS estimates $205,879 of federal and state funds to provide administration at the state level; $270,179 in leveraged funds at the Administrative Agency level; and $46,387 at the Project Sponsor level. In 2007, Project Sponsors also reported $119,441 was leveraged for housing assistance and $904,083 for supportive services. DSHS anticipates similar levels of leveraged resources for 2010.

OTHER PROGRAMS

TDHCA is required by State law to publish a Program Guide that outlines state and federal housing and housing-related programs available in Texas. The guide describes 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/housing-center/pubs.htm or in hard copy upon request.

MEETING UNDERSERVED NEEDS

See the Affordable Housing Obstacles to Serving Underserved Needs section, the Anti-Poverty Strategy section and the Public Housing section in the Strategic Plan.

LEAD-BASED PAINT HAZARD MITIGATION

Please see Lead-Based Paint Hazard Mitigation in the Strategic Plan for actions taken by the state to evaluate and reduce lead-based paint hazards and how lead-based paint hazard reduction will be integrated into housing policies and programs.

HOUSING ACTION PLAN: HOME INVESTMENT PARTNERSHIPS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2010

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 goals of increasing the supply and the availability of affordable housing. 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 anticipates receiving $40,000,000 in HOME allocated funds and $3,000,000 in multifamily and single-family program income for a total of $43,000,000 estimated funding available for distribution.

ALLOCATION OF PY 2010 FUNDS

TDHCA will use the following method for allocating funds and may make adjustments throughout the program year to transfer funding from an undersubscribed activity or set-aside to an activity that may be experiencing higher demand with the Board's approval:

Use of Funds	Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of Allocation) *	$4,000,000	10%
CHDO Project Funds Set Aside (15% of Allocation)	$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 *	$2,000,000	5%
Housing Programs for Persons with Disabilities (5% of Allocation) *	$2,000,000	5%
Rental Housing Development Program	$5,000,000	13%
General Funds for Single Family Activities	$20,700,000	52%
Total PY 2010 HOME Allocation	$40,000,000	100%
Estimated Program Income (to be included with Multifamily Activities)	$2,000,000	—
Estimated Program Income for Single Family Rehabilitation & Refinance Pilot Program	$1,000,000	—
Total Estimated Funding Available for Distribution	$43,000,000	—

* The funding for these activities is not subject to the Regional Allocation Formula.

The following targets will be used to distribute General Funds for Single Family Activities:

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$3,105,000	15%
Owner Occupied Housing Assistance	$14,490,000	70%
Tenant Based Rental Assistance	$3,105,000	15%
Total Estimated Funding Available for Distribution	$20,700,000	100.0%

ESTIMATED PY 2010 BENEFICIARIES

Based on anticipated program activities TDHCA estimates that the number of PY 2010 beneficiaries assisted will be approximately 1,042 low-, very low-, or extremely low-income households. On the basis of historical performance, TDHCA estimates that approximately 50 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; and

- 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, 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; and

(3) if the applicable building code or codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48 inches above the floor 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: As defined in §2306.581, Texas Government Code:

(1) "Colonia" means a geographic area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, 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; or

(B) has the physical and economic characteristics of a colonia, as determined by the department.

Persons with Disabilities: A household composed of one or more persons, at least one of whom 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.

A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability and as further defined at 24 CFR §92.2.

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.

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 95 percent of HOME funds for the benefit of non–PJ areas of the state. Five percent of HOME funds shall be expended for the benefit of persons with disabilities who live in any area of the state.

DESCRIPTION OF ACTIVITIES

HOMEOWNER REHABILITATION

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.

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, newly constructed single family housing must meet the International Residential Code (IRC) as currently required by State statute. In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. If a home is newly constructed or 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 housing.

The available funding for this activity is approximately $ 14.5 million, which may only be used in non-PJs. The Department may set-aside a portion of these funds during the 2010 program year as a pilot program for a loan program reservation system. In addition, the Department may set-aside $1 million of estimated program income toward a pilot program that would allow the refinance of existing debt for single-family, owner-occupied housing, when rehabilitation to correct substandard conditions is the primary use of the HOME funds.

Tenant-Based Rental Assistance

According to CHAS data from HUD and projections based on HISTA data, approximately 1,992,596 households in Texas have a housing cost burden of greater than 30 percent of their gross income. 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. Rental units must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) in 24 CFR §982.401.

The available funding for this activity is approximately $3.1million, which may only be used in non-PJs. This amount does not include any for Persons with Disabilities TBRA funding that may be issued under a separate NOFA.

Homeownership Assistance with or without Rehabilitation

Down payment, closing cost, rehabilitation, and contract for deed conversion assistance may be 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 homebuyers may receive assistance in the form of a loan. The maximum amount of the homebuyer assistance cannot exceed HUD's 221(d)(3) limits per unit and is further restricted in the Department's HOME Program Rule or the NOFA when funds are made available. HBA loans are required 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 and the shared net proceeds in the event of sale of the housing unit.

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, newly constructed single family housing must meet the International Residential Code (IRC) as currently required by State statute. In the absence of a local code for rehabilitation, the single family housing must meet the rehabilitation standards established by the Department. If a home is newly constructed or reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code. Housing units that are provided assistance for acquisition only must meet all applicable state and local housing quality standards and code requirements. In the absence of such standards and requirements, the housing units must meet the Housing Quality Standards (HQS) in 24 CFR §982.401.

The available funding for this activity is approximately $3.1 million, which may only be used in non-PJs. This amount does not include Persons with Disabilities HBA funding, which may be issued under a separate NOFA. Additionally, the Department may set-aside a portion of these funds during the 2010 program year as a pilot program for a loan program reservation system.

Rental Housing Development

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing.

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 and approved by TDHCA's Board based on the underwriting review. Owners of rental units assisted with HOME funds must meet affirmative marketing requirements as delineated in their Affirmative Marketing Plan (HUD Form 935.2 or successor) at time of application and must comply with affirmative marketing requirements as delineated in the Department's Compliance Rules. Owners of rental units assisted with HOME funds also 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 Uniform Physical Condition Standards (UPCS) as developed by the Real Estate Assessment Center (REAC), the International Building 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.

Approximately $7 million, including an estimated $2 million in Program Income, is available for Rental Housing Development Funding for these activities may only be used in non-PJs. This amount does not include the Persons with Disabilities Rental Development Program funding which may be issued under a separate NOFA.

ADMINISTRATIVE EXPENSES

Up to 10 percent of the sum of the Program Year HOME basic formula allocation and program income may be set aside for HOME Administrative expenses. Typically, up to 4 percent of the Administrative Expenses Set-Aside may be provided to applicants receiving HOME funds for the cost of administering the program. TDHCA may allow a higher percentage of the Administrative Expenses Set-Aside for some applicants based on the activity being performed. For-profit organizations are not eligible to receive administrative funds. TDHCA will retain the remaining 6 percent of the Administrative Expenses Set-Aside to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

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. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project. 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 State's CHDO Set-Aside may be used for operating expenses for CHDOs. In accordance with 92.300(a)(2)(f), A CHDO may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or $50,000, whichever is greater, of the CHDOs total operating expenses in that fiscal year. 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, 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 81st Legislature passed Appropriations Rider 6 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 is targeted to convert no less than 200 contracts for deeds into traditional notes and deeds of trust. 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 meet TDHCA's definition of a colonia as defined in Chapter 2306, Texas Government Code or as published in the Department's program rules. HOME funds may be used in the administration of this program at the determination of the Department. If HOME funds are used for this activity, the program must comply with federal requirements as established in 24 CFR and in accordance with §2306.111 (c), these funds may only be used in non-PJs. As a statutorily required set-aside, these funds would not be subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

Housing Programs for Persons with Disabilities

According to the American Community Survey 3-Year Estimates, between 2005-2007 there were approximately 3,019,042 million people in Texas over the age of five, or approximately 14.4 percent, had some type of long lasting condition or disability. Of these, 312,812 households, include persons with self-care limitations in Texas. Approximately 23.4 percent of people over the age of five with a disability were under the poverty level. However, leveraging other federal funds, the numbers of persons with disabilities transitioning from institutional living into community-based living is increasing, becoming a priority for the State of Texas. The TBRA Persons with Disabilities program is a critical component in the housing continuum toward helping households transition back into the community.

Approximately 5% of the State's annual HOME allocation shall be directed toward assistance for Persons with Disabilities (PWDs). The NOFA or NOFAs, separate from the regular HOME activity funding, can provide assistance for any HOME-eligible activity and, with the exception of for-profit applicants, will receive funds for administrative expenses and with no match requirement. Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications under this NOFA or NOFAs may serve any area of the state.

In its administration of federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), TDHCA shall expend 95 percent of these funds for the benefit of non-participating small cities and rural 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. Five percent of these funds shall be expended for the benefit of persons with disabilities who live in any area of the state. 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, 10 TAC §1.15. In addition, funds for rental development may only be used to bring the units for persons with disabilities to be at 30 percent of Area Median Family Income or below.

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 incentives 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 2010 RAF distributes funding for the following activities:

- CHDO Project Funds,
- Rental Housing Development Program,
- Single Family Activity Program.

The table below shows the 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.

2010 DRAFT Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,854,383	5.3%	$1,853,972	100.0%	$411	0.0%
2	Abilene	$1,247,828	3.6%	$1,214,720	97.3%	$33,109	2.7%
3	Dallas/Fort Worth	$6,814,244	19.6%	$1,915,196	28.1%	$4,899,047	71.9%
4	Tyler	$3,802,970	11.0%	$3,276,048	86.1%	$526,922	13.9%
5	Beaumont	$1,770,728	5.1%	$1,628,770	92.0%	$141,958	8.0%
6	Houston	$2,559,265	7.4%	$895,649	35.0%	$1,663,616	65.0%
7	Austin/Round Rock	$1,853,763	5.3%	$750,011	40.5%	$1,103,753	59.5%
8	Waco	$1,081,731	3.1%	$754,371	69.7%	$327,361	30.3%
9	San Antonio	$1,835,643	5.3%	$1,160,118	63.2%	$675,525	36.8%
10	Corpus Christi	$2,324,321	6.7%	$1,613,993	69.4%	$710,327	30.6%
11	Brownsville/Harlingen	$6,938,992	20.0%	$3,866,869	55.7%	$3,072,124	44.3%
12	San Angelo	$1,480,517	4.3%	$651,394	44.0%	$829,123	56.0%
13	El Paso	$1,135,614	3.3%	$838,439	73.8%	$297,175	26.2%
	Total	$34,700,000	100.0%	$20,419,551	58.8%	$14,280,449	41.2%

2010 TARGETED DISTRIBUTION OF FUNDS UNDER THE RAF

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 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 TDHCA and outlined in the NOFA and/or application guidelines. Applications received by TDHCA will be reviewed for threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials.

Selection Process

All applications for funds are reviewed for threshold and eligibility requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are recommended for funding based on the Department's rules and any additional requirements established in the Notice of Funding Availability. Applications may be recommended up to the limit of funds in accordance with the Department's rules and as further restricted in the Notice of Funding Availability. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Applications will be reviewed and recommended for funding in the manner prescribed in the State of Texas HOME Program Rules. In any of the activities, the Department may integrate incentive points for applicants to further meet the needs of persons with disabilities.

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 HOME Program Deobligated Funds Policy.

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.

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 by providing information regarding Section 3 requirements during application workshops and requiring applicants to submit a Section 3 Outreach Plan as part of the application.

RECAPTURE PROVISIONS UNDER HOMEOWNERSHIP PROGRAMS

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 program the State administers that is subject to this provision.

1. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing:
    a. Recapture the amount of the HOME investment reduced on a prorata share 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 shared net proceeds in the event of sale or foreclosure of the housing unit.

   b. In the event of sale or foreclosure of the housing unit, if the shared 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:

      (HOME investment / (HOME investment + homeowner investment)) X net proceeds = HOME amount to be recaptured

      (Homeowner investment / (HOME investment + homeowner investment)) X net proceeds = amount to homeowner

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 program the State administers that is subject to this provision.

1. The following method of resale would be acceptable to TDHCA and will be identified in the 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.

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).

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). TDHCA shall use its underwriting and evaluation standards, codified at 10 TAC, Chapter 1 and its HOME Program Rule at 10 TAC, Chapter 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 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, TDHCA will comply with the new CPD Outcome Performance Measurement System. Compliance will be attained through the creation and development of additional tracking screens in TDHCA's central database to enable the Department 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.

The performance figures are based on planned performance during the Program Year (February 1st through January 31st) of contracts committed and projected households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on anticipated units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

	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 (DH-2)	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 Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	233
DH-2	No. of tenant-based rental assistance units	310
DH-2	No. of existing homeowners assisted through owner-occupied assistance	194
DH-2	No. of first-time homeowners assisted through homebuyer assistance	305

HOME PROGRAM ACTIONS

This section describes how the HOME Program addresses the following: affordable housing, public housing resident initiatives, lead-based paint 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 with our without refinancing, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family development 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 notification of published 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. 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 recovery 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. Organizations receiving HBA 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.

HOMELESS ACTION PLAN: EMERGENCY SHELTER GRANTS PROGRAM

FEDERAL RESOURCES EXPECTED PY 2010

TDHCA will receive $5,288,867 for PY 2010.

RECIPIENTS

Recipients of ESGP funds are units of general local government and private nonprofit organizations.

ESTIMATED PY 2010 BENEFICIARIES

It is estimated that in PY 2010 74 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. Six of the subrecipient organizations are funded for collaborative applications with one or more partners. It is estimated that approximately 100,000 homeless persons will be assisted in PY 2010.

TARGETED BENEFICIARIES

The targeted beneficiaries are 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-094-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 2009 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 taken from the 2000 US Census.

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 other 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 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 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 2009. (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 OTHER EFFORTS TO ADDRESS HOMELESSNESS:

The State has contracted with an organization to provide technical assistance in FY 2009 to rural homeless coalitions representing approximately 182 Texas counties and will support the State's effort to assist rural communities in their efforts to access federal CoC funds and that are interested in being part of the State's application for Continuum of Care funds for the balance of state areas in the State. Types of technical assistance to be rendered will include, but not be limited to, homeless counts/surveys, compilation of a housing and services inventory, identification of housing gaps, and development of homeless discharge plan strategies for their area. Organizations receiving the technical assistance must be located in a Balance of State area and applying for Continuum of Care funds through the U.S. Department of Housing and Urban Development. The State has provided State General Revenue funds to the Texas Homeless Network, the awardee of the RFP which the Department released in 2008, to provide the referenced technical assistance. The first year of funding is expected to begin September 1, 2008 and the second year will begin September 1, 2009. The Department expects that as a result of the technical assistance that will be rendered, the State will submit a more competitive application to HUD for Continuum of Care funds. If the State receives Continuum of Care funds for the Balance of State areas, additional homeless persons will be assisted in the State. The source of funding for this contract is State general revenue funds.

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 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.
17. Any renovation carried out with ESGP assistance shall be sufficient to ensure that the building involved is safe and sanitary, and the renovation will assist homeless individuals in obtaining:

    (A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and
    (B) other Federal, state, local, and private assistance available for such individuals.

Fund Obligation Process

TDHCA will obligate PY 2009 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 2009 is $5,288,867 less 5 percent ($264,443) for state administration costs of which approximately $18,612 will be shared with subrecipient organizations which are units of general local government. 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 TDHCA.

TDHCA issues a notice of funding availability (NOFA) and posts an application to its website. Applications are also provided directly to any organization or individual upon request. The applications are reviewed using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds reserved for each region. 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 ensure, 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.

TDHCA also supports 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, sponsoring an annual statewide conference on homeless issues, and the provision of training and technical assistance to organizations interested in being part of the State's application for Continuum of Care funds for the balance of state areas in the State.

CPD Outcome Performance Measurement System Reporting

ESGP began reporting using the HUD CPD Outcome Performance Measurement System on September 1, 2006, with the implementation of the 2006 ESGP contracts. TDHCA will continue to utilize this reporting system in 2009. In 2007, the HUD CPD Outcome Performance Measurement System became automated whereby subrecipients began to report performance data via a Web based application. TDHCA's monthly performance reports have been amended to include changes in reporting requirements required by HUD and to 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 (SL-1). ESGP activities related to homelessness prevention will be reported under HUD's Outcome 1, Affordability and Objective 2, Provide Decent Housing (DH-2).

ESGP Annual Action Plan Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
SL-1 Availability/ Accessibility and Create a Suitable Living Environment	Accessibility for the purpose of creating a suitable living environment.	28,000	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.
DH-2 Affordability and Provide Decent Housing	Affordability for the purpose of providing decent housing.	72,000	The provision of non-residential services including homelessness prevention assistance.

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 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 TDHCA provides funding or that TDHCA monitors for the ESGP Program.

Public Housing Resident Initiatives

Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESGP Program.

Lead-Based Hazards

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 TDHCA encourages the use of ESGP funds to help ESGP clients lift themselves above the poverty line, it is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESGP Program.

Institutional Structure

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. TDHCA reviews ESGP subrecipients' coordination efforts during on-site and desk monitoring.

Chronic Homelessness

While the Department does not have a complete "inventory" of the supportive services offered by the ESGP funded organizations, the Department began to collect information on the number of persons provided with supportive services in FY 2006. The range of supportive services include: legal advocacy, education, employment, housing, counseling, psychological treatment and/or psychological counseling, substance abuse treatment, medical assistance, parenting and budgeting classes, housing advocacy, transportation assistance, English-as-a-Second Language classes, and clothing.

An inventory of the Emergency, Transitional Housing, and Permanent Supportive Housing beds reported in the 2008 Continuum of Care applications can be found in the Chronic Homeless section of the Housing Market Analysis chapter above.

TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

2010 ACTION PLAN

I. PROGRAM YEAR 2010 GENERAL PROGRAM INFORMATION

A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION

The Texas Department of Rural Affairs (TDRA), which after September 1, 2009 will be the Texas Department of Rural Affairs (TDRA), administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Block Grant Program (Texas CDBG). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between TDRA and TDA. The Tx CDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between TDRA and TDHCA.

The mission of the Texas Department of Rural Affairs is to enhance the quality of life for rural Texans.

B. ELIGIBLE APPLICANTS

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Block Grant (Tx CDBG) Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the Tx CDBG Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the Tx CDBG Colonia Economically Distressed Areas Program Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia

Fund, are also eligible applicants for the Tx CDBG Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.907 of the Texas Local Government Code, a colonia meeting specified requirements that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

C. ELIGIBLE ACTIVITIES

Eligible activities under the Texas Community Development Block Grant Program are listed in 42 U.S.C Section 5305. The Tx CDBG staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for Tx CDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

D. INELIGIBLE ACTIVITIES

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Block Grant Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising / video taping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

E. PRIMARY BENEFICIARIES

The primary beneficiaries of the Texas Community Development Block Grant Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section l02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

F. DISPLACEMENT OF PERSONS ASSISTED

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Block Grant Program grant funds.

II. ALLOCATION OF CDBG FUNDS

A. AVAILABLE FUND CATEGORIES

Assistance is available in six funding categories and one pilot program under the Texas Community Development Block Grant Program as indicated below:
Funds:
1. Community Development Fund
2. Texas Capital Fund
3. Colonia Fund
   3a. Colonia Planning and Construction Fund
   3b. Colonia Economically Distressed Areas Program Legislative Set-Aside
   3c. Colonia Self-Help Centers Legislative Set-Aside
4. Planning and Capacity Building Fund
5. Disaster Relief/Urgent Need Fund
6. Tx CDBG STEP Fund

PILOT PROGRAM: RENEWABLE ENERGY DEMONSTRATION PILOT PROGRAM

B. DESCRIPTION OF FUNDS

1. Community Development Fund

This fund is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition in each of the 24 state planning regions. Applications received by the 2009 program year application deadline are selected to receive grant awards from the 2009 and 2010 program year allocations. The scoring of the applications is shared between TDRA and the 24 Regional Review Committees (RRC), with the RRC having the predominate percentage of the total possible score.

Regional Priority Set-asides: Housing and Non-Border Colonia projects - Each Regional Review Committee (RRC) is encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and, for RRCs in eligible areas, non-border colonia projects proposed in and for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions based on the following:

REGIONAL ALLOCATION METHOD

The original CD formula is used to allocate 40 percent of the annual state CDBG allocation; and the HUD formula is used to allocate 21.71 percent of the annual state CDBG allocation.

Original CD formula (40%) factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information.

<u>HUD formula (21.71%)</u> - the formula is the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);

- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the TDRA board, Task Forces, and input from the State Community Development Review Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

Some regions in the state have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2009 and 2010 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2009 and 2010 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to Tx CDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the Tx CDBG staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2009 regional allocation or 2010 regional allocation. Depending on the State of Texas' CDBG allocations for the 2009 and 2010 program years, there could be a large variance between the 2009 and 2010 regional allocations. If the 2010 regional allocation for one of these regions decreases significantly from the 2009 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2010 regional allocation.

A significant increase or decrease to the State's current Program Year CDBG allocation may result in corresponding increases or decreases to the current Program Year Community Development Fund allocation and correspondingly higher or lower regional allocations.

Non-border colonia projects – available to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990).

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

2. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.

b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.

c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.

d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.

e. County economic and management development activities as approved by TDRA. Not more than five percent (5%) of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires TDRA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." TDRA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.

f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

(1) creates or retains jobs for low- and moderate-income persons;
(2) prevents or eliminates slums or blight;
(3) meets urgent needs;
(4) creates or retains businesses owned by community residents;
(5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
(6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

a. Real Estate Development (including improvements to the business site) projects require full repayment with no interest accruing; and
b. Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

3. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition as a “colonia” under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by Tx CDBG staff. The term “colonia” means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

3a. Colonia Planning and Construction Fund

The allocation is available on a biennial basis for funding from program years 2009 and 2010 through a 2009 annual competition. Applications received by the 2009 program year application deadline are eligible to receive grant awards from the 2009 and 2010 program year allocations. Funding priority shall be given to Tx CDBG applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the Tx CDBG project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system.

An eligible county applicant may submit one (1) application for the following eligible construction activities:

(1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.
(2) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

Colonia Planning Component

A portion of the funds will be allocated to two separate biennial competitions for applications that include planning activities targeted to selected colonia areas – (Colonia Area Planning activities), and for applications that include countywide comprehensive planning activities (Colonia Comprehensive Planning activities). Applications received by the 2009 program year application deadline are eligible to receive a grant award from the 2009 and 2010 program year allocations.

In order to qualify for the Colonia Area Planning activities, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning activities application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

(1) Colonia Area Planning Activities

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and
- costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

(2) Colonia Comprehensive Planning Activities

To be eligible for these funds, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

3b. Colonia Economically Distressed Areas Program (CEDAP) Legislative Set-aside

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

An applicant may not have an existing CEDAP contract open in excess of 48 months and still be eligible for a new CEDAP award.

3c. Colonia Self-Help Centers Legislative Set-aside

In accordance with Subchapter Z, Chapter 2306, Government Code, and Title 10, Texas Administrative Code, Part 1, Chapter 3, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a Texas Community Development Block Grant Program contract with each affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program. The Advisory Committee shall advise TDHCA regarding:

(1) the needs of colonia residents;

(2) appropriate and effective programs that are proposed or are operated through the centers; and

(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;

(2) teaching construction skills necessary to repair or build a home;

(3) providing model home plans;

(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;

(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;

(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;

(7) providing credit and debt counseling related to home purchase and finance;

(8) applying for grants and loans to provide housing and other needed community improvements;

(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;

(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;

(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and

(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

For any award made on or after September 1, 2005, any political subdivision that receives community development block grant program money targeted toward street improvement projects in eligible colonia areas must allocate not less than five percent but not more than 15 percent of the total amount of street improvement money to providing financial assistance to colonias within the political subdivision to enable the installation of adequate street lighting in those colonias if street lighting is absent or needed.

4. Planning And Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans.

A significant increase or decrease to the State's 2010 CDBG allocation may result in corresponding increases or decreases to the 2010 Planning and Capacity Building Fund allocations.

5. Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or the President has issued a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of Tx CDBG funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program for buyout projects unless TDRA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.

- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government (e.g., not for facilities or equipment beyond their normal, useful life span).
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the Tx CDBG for Urgent Need assistance. The Urgent Need Fund will not fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.
- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the Tx CDBG contract. The Tx CDBG reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the Tx CDBG funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the Tx CDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

6. Tx CDBG STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2009 and 2010 Community Development Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a 2010 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2009 or 2010 Community Development Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Tx CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the Tx CDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service
- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the Tx CDBG STEP Fund unless the activity is approved by the Texas Community Development Block Grant Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The Tx CDBG will not reimburse for force account work for construction activities on the STEP project.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The Tx CDBG will not accept an application for STEP Fund assistance until Tx CDBG staff and representatives of the potential applicant have evaluated the self-help process and Tx CDBG staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem and operate applicable construction equipment;
4) 40% Savings off of retail price; and
5) must be performed predominately by community volunteer workers.

To be eligible for additional STEP awards, an applicant must have demonstrated to TxCDBG management that its existing STEP contracts are currently being implemented on schedule in accordance with the applicable contracts and in accordance with any TxCDBG-approved allowances.

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; Leaders that have been identified and agreed on by the community:
    - at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs)
    - one should be detailed enough to maintain the paperwork needed for the project
    - one should have some knowledge or skills to lead the self-help effort

- And one can have a combination of these skills or just be the motivator and problem solver of the group

  These are not absolutes but the best scenario for any project.

2) readiness—local perception of the problem and the willingness to take action to solve it:
   - a strong local perception of the problem
   - community perception that local implementation is the best and maybe only solution
   - community has confidence that they can do it adequately
   - community has no strong competing priority
   - local government is supportive and understands the urgency
   - public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
   - effort and attention have already been given to local assessment of the problem
   - enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency
3) capacity— manpower including some skills required to solve the problem:
   - Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
   - List of Volunteers by task
   - Possible equipment in community (not a requirement)
   - Letters stating support from local businesses in form of donation of supplies or manpower
   - Letter from service provider supporting project and agreeing to provide service
   - CPA Letter documenting that the applying locality has financial and management capacity to compete project
4) 40% Savings off of retail price.

Documentation of the 40% savings off of the retail price:

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

Pilot Program: Renewable Energy Demonstration Pilot Program (Using Deobligated and/or Program Income)

The TxCDBG will develop a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. It is anticipated that the projects funded would meet the National Objective of benefiting a "target area" where at least 51 percent of the residents are low and moderate income persons, although the project would be allowed to qualify under other National Objective alternatives. The maximum amount of the project would be $500,000 and the minimum would be $50,000.

The projects will be selected on the following basis (which are assigned points under Section IV(C)(6) of this Action Plan):

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.
(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods.
(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.)
(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals.
(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses.
(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – percent of portion of total project receiving TxCDBG funds is leveraged with other funds.
(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 or counties under 100,000.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2010 program year CDBG allocation. The State's 2010 allocation could be lower than the 2009 allocation of $73,017,739.

The amount available for Tx CDBG assistance will be the 2010 State CDBG allocation amount plus an estimated $2,500,000 in program income. Funds will be allocated according to the following percentages of the State's 2010 allocation upon the execution of the grant agreement with HUD:

FUND	2010 PERCENT	AMOUNT AVAILABLE
Community Development Fund	61.71 [1]	
Texas Capital Fund (TCF)	14.51	
Program Income from TCF		$ 2,000,000 [4]
Colonia Fund		
Colonia Planning and Construction Fund	7.26	
Colonia EDAP Legislative Set-aside	2.74 [6]	
Colonia Self-Help Centers Legislative Set-aside	2.50	
Planning And Capacity Building Fund	0.90	
Disaster Relief/Urgent Need Fund		
Disaster Relief	4.10	
Urgent Need	0 [2]	
Tx CDBG STEP Fund	3.14	
Administration - Percentage	2.00 [5]	
Administration - $100,000	0.1370	
Technical Assistance	1.00 [5]	

Pilot Programs (Deobligated Funds/ Program Income):		
Renewable Energy Demonstration Pilot Program	0 [3]	
Other Program Income:		$ 500,000

Note: The percentages shown above are based on the State's actual 2009 allocation percentages. Changes to the above percentages may occur if the State's 2010 CDBG allocation is higher or lower than the 2009 allocation of $73,017,739.

Deobligated funds/program income notes:

1 Allocated to each region based on Section II (B).

2 Deobligated funds and/or program income sufficient to replenish to $1,000,000 is made available for the Urgent Need Fund on the first day of PY 2010. Based on a Tx CDBG Program determination of respective demand for financial assistance under the Urgent Need and Disaster Relief portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be used for Disaster Relief projects.

3 Deobligated funds and/or program income of $500,000 is made available on the first day of PY 2010.

The amounts for these fund categories may be adjusted during PY 2010 as needed.

4 Used based on Section II (C) (a).

5 Fungible – May be adjusted per statutory CDBG rules.

6 May be transferred for other projects benefiting Colonias if there are an insufficient number of EDAP-eligible projects ready for CEDAP connection funding

SUMMARY OF ACTIVITIES THAT UTILIZE 1% TECHNICAL ASSISTANCE FUNDING

Technical Assistance Performed Through the Community Development Program

The Texas Community Development Block Grant Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (1% TA) set-aside approved by HUD. These visits will be conducted throughout the year when the Tx CDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

Tx CDBG Community Development staff, including TDRA field office staff, will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial Tx CDBG project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries which allows Tx CDBG staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% technical assistance funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% technical assistance funds for on-site technical assistance on the Colonia Self-Help Centers program.

The Tx CDBG is utilizing the 1% technical assistance funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The Tx CDBG may utilize the 1% technical assistance funds to support Tx CDBG activities related to TDRA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that TDRA dedicate considerable resources for disaster recovery efforts.

In 2010, the Tx CDBG will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of non-entitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% technical assistance funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for Tx CDBG funds in each region.

The 1% technical assistance funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% technical assistance funds may be used to support the operations of TDRA' technical assistance field offices in West Texas, South Texas, and East Texas and other TDRA Community Development-related field office activities.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the Tx CDBG for eligible Texas Community Development Block Grant Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Block Grant Program

Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds which HUD has recaptured from Small Cities may be redistributed among the established 2010 program year fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the TDRA Board on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, established priority uses within existing fund categories or programs, any awards necessary to resolve appeals under fund categories covered by Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255.1(g), TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of TDRA. Other purposes or initiatives may be established as a priority use of such funds within existing fund categories or programs by the TDRA Board.

If a portion of the State's 2010 Community Development Block Grant allocation is rescinded by the federal government, or if the State's 2010 allocation is decreased or increased significantly from the State's 2009 allocation, the Tx CDBG may make corresponding changes within the fund allocation percentages as required.

(b) Re-distribution of Funds Recaptured from Withdrawn Awards. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the Tx CDBG's award letter to the applicant, the award will be immediately withdrawn by the Tx CDBG (excluding the colonia self-help center awards). Should the applicant fail to execute the Tx CDBG's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the Tx CDBG. For an award that is withdrawn from an application, the Tx CDBG follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2) For the Community Development Fund, if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other Tx CDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(3) Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked

applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(4) Funds recaptured under the Colonia Planning and Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(5) Funds recaptured under the Colonia Economically Distressed Areas Program Legislative Set-Aside from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program set-aside applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program set-aside applications within twelve months after the Tx CDBG receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7) Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(8) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other Tx CDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(9) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

D. PROGRAM INCOME

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Block Grant Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving

Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. This section, “Texas Capital Fund Program Income,” replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: 1) “The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to Tx CDBG approval of an RLFP must be returned to the State.” 2) “…every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived.” 3) “…contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state.”

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or Tx CDBG fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least sixty (60) days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the Tx CDBG.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the Tx CDBG.

III. APPLICATION INFORMATION

A. TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Block Grant Program:

1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in Tx CDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the Tx CDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the Tx CDBG application threshold requirements would be considered ineligible.

2. Multi-Jurisdiction Applications

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application and the authorized applicant is accountable to the Tx CDBG for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one state planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

B. APPLICATION CYCLES

Based on the support from cities and counties for previous biennial funding cycles, applications for the Community Development, Colonia Planning and Construction Fund, and Planning and Capacity Building Fund will be accepted on a biennial basis. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	**Biennial[1]**	**December 12, 2008 in 21 regions and February 20, 2009 in 3 regions**
2. Texas Capital Fund		
Real Estate Program	Continuous	
Infrastructure Program	Continuous	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
3. Colonia Fund:		
Planning and Construction Fund	Biennial	**March 27, 2009**
EDAP Set-aside	As-needed	
4. Planning/Capacity Building Fund	**Biennial[1]**	**December 12, 2008 in 21 regions and February 20, 2009 in 3 regions**
5. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
6. Tx CDBG STEP Fund	Two times annually	
Renewable Energy Demonstration Pilot Program	As announced, at least once annually.	

[1] The applications submitted for the program year 2010 Community Development Fund and Planning and Capacity Building Fund as part of the 2009/2010 biennial application process will be scored and ranked. Applications will be funded to the extent that allocated 2010 funds are available. Applications submitted for the Colonia Planning and Construction Fund will be scored and ranked. The final 2009 program year rankings under the Community Development Fund, Planning and Capacity Building Fund, Colonia Planning and Construction Fund will be used to determine the 2009 applicants that are selected for funding from the 2010 program year allocations. Only one application may be submitted for the combined 2009 program year and 2010 program year period under the Community Development Fund, Colonia Construction component, Colonia Planning component, and the Planning and Capacity Building Fund.

C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Block Grant Program are:

	CONTRACT AWARD	
FUND	MAXIMUM	MINIMUM
Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000[1]
Multi-Jurisdiction Application	$ 800,000[1]	$ 75,000[1]
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Program	$ 150,000[3]	$ 50,000
Downtown Revitalization Program	$ 150,000[3]	$ 50,000
Colonia Fund		
Construction Fund Component	$ 500,000	$ 75,000
EDAP Set-aside	$ 500,000	None
Area Planning Component	$ 100,000[4]	None
Comprehensive Planning Component	$ 200,000[4]	None
Planning/Capacity Building Fund	$ 50,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$ 350,000	$ 50,000
Urgent Need Fund	$ 250,000	$ 25,000
Tx CDBG STEP Fund	$ 350,000	None
Renewable Energy Demonstration Pilot Program	$ 500,000	$ 50,000

1 Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multi-jurisdiction application. The maximum amount for a housing or non-border colonia priority activity application is the same as other Community Development Fund applications in the region.

2 The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,000,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as “jumbo” awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the $1,000,000 increased maximum grant amount, however, projects that receive an amount

greater than $750,000 may not exceed $2,000,000 in total awards during the program year.

3 Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000. Main Street Program projects may not exceed $600,000 in total awards. The Downtown Revitalization Program projects may not exceed $1,200,000 in total awards.

4 The maximum grant award for the Colonia Comprehensive Planning component is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county's total unincorporated area population.

Amounts shown are maximum funding levels or contract "ceilings," since the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Block Grant Program are subject to negotiation between TDRA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

D. PROJECT LENGTH

All funded projects, except the Texas Capital Fund and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. STEP contracts for awards made in PY 2010 will continue to be for a twenty-four (24) month term with no automatic extension to 36 months, which is the same as PY 2009 STEP awards. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. The other Texas Capital Fund programs must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Center contracts may be adjusted to account for each program year award. Waivers through a contract amendment of these requirements for any Tx CDBG contract will only be granted when a waiver request is submitted in writing to TDRA or TDA (for Texas Capital Fund contracts) and TDRA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

E. REVIEW PROCESS

1. Regional Review Committees (RRC) - Composition

There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed at the pleasure of the Governor.

The Regional Review Committees may review and comment on applications to other Tx CDBG fund categories.

2. Texas Capital Fund Review Process

The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

3. Clearinghouse Review

Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

4. Regional Water Plans

Water activities included in Tx CDBG applications must be consistent with Regional Water Plans promulgated in accordance with Section 16.053, Water Code.

F. APPLICANT THRESHOLD AND PAST PERFORMANCE REQUIREMENTS

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Block Grant Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
   a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
   b. Indicate intention to use a third-party administrator, if applicable;
   c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff; or
   d. TxCDBG management may determine that an applicant has or does not have the capacity to manage and administer the proposed project based on an applicant's prior performance on a TxCDBG contract.
2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
   a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight;
   b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles; and/or
   c. TxCDBG management may determine that an applicant has or does not have the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project based on a review of audited financial records, current financial status, or current financial management of a TxCDBG contract.
3. Levy a local property (ad valorem) tax or local sales tax option.
4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Block Grant Program contracts, by using the following criteria:

   a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in TDRA's resolution letter(s);
   b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
   c. No outstanding delinquent response to a written request from Tx CDBG regarding a request for repayment of funds to Tx CDBG; or
   d. Not more than one outstanding delinquent response to a written request from Tx CDBG regarding compliance issues such as a request for closeout documents or any other required information.

5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Block Grant Program contracts, by using the following criteria:
   a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the TDRA resolution process.
6. Submit any past due audit to TDRA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.
   a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but the TXCDBG may withhold the award or issuance of a contract until it receives a satisfactory audit.
      The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.
   b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Block Grant Program.
      The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's state budget appropriation. Failure to meet the threshold will be reported to the Texas Department of Housing and Community Affairs for review and recommendation.
   (c) If an audit becomes due after the award date, the Office may withhold the issuance of a contract until it receives a satisfactory audit. If a satisfactory audit is not received by the Office within four months of the audit due date, the Office may withdraw the award and re-allocate the funds in accordance with Section II(C)(b) (excludes the colonia self-help center awards and Texas Capital Fund awards).

7. **12-Month Applicant Threshold Requirement**

   Obligate at least fifty percent (50%) of the total Tx CDBG funds awarded under an open Tx CDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines and have received all applicable environmental approvals from TxCDBG covering this obligation. This threshold is applicable to Tx CDBG contracts with an original 24-month contract period.

   To meet this threshold, 50% of the Tx CDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. The Tx CDBG contract activities do not have to be 50% completed, nor do 50% of the Tx CDBG contract funds have to be expended to meet this threshold.

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
Colonia Construction Fund	Housing Rehabilitation Fund
Colonia Fund Planning	Housing Infrastructure Fund
Disaster Relief / Urgent Need Fund	Texas STEP
Planning/Capacity Building Fund	Colonia Economically Distressed Areas
Non-Border Colonia Fund	Disaster Recovery Initiative
Texas STEP (except for STEP contracts awarded prior to PY 2010)	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund or for the Renewable Energy Demonstration Pilot Program

8. **24-Month Applicant Threshold Requirement**

Submit to TDRA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold will apply to an open Tx CDBG contract with an original 24-month contract period and to Tx CDBG Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
Colonia Construction Fund	Housing Rehabilitation Fund
Colonia Fund Planning	Housing Infrastructure Fund
Disaster Relief / Urgent Need Fund	Texas STEP (original 24-month contract, extended to 36-months) awarded prior to PY 2009
Planning/Capacity Building Fund	Colonia Economically Distressed Areas
Non-Border Colonia Fund	Disaster Recovery Initiative
Texas STEP (except for STEP contracts awarded prior to PY 2009)	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund

Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.

9. **36-Month Applicant Threshold Requirement**

Submit to TDRA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold is applicable for a previously awarded Tx CDBG contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to Tx CDBG Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories
Texas STEP (original 36-month contract Section) or original 24-month contract, extended to 36 months)	Texas Capital Fund (see Texas Capital Fund Colonia Self-Help Centers Fund Housing Rehabilitation Fund Colonia Economically Distressed Areas Disaster Recovery Initiative Young vs. Martinez Microenterprise Loan Fund Small Business Loan Fund Renewable Energy Demonstration Pilot Program

This threshold is not applicable when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund.

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new

application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

12. Based on a pattern of unsatisfactory (a.) performance on previously awarded Texas Community Development Block Grant Program contracts, (b.) management and administration of Tx CDBG contracts, or (c) financial management capacity based on a review of official financial records and audits, TDRA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for Tx CDBG funding even though at the application date it meets the threshold and past performance requirements. TDRA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

G. ADMINISTRATION OF TXCDBG CONTRACTS

In order to administer a TxCDBG contract awarded in PY 2010, the administrator (contracted administrators on behalf of the client community or the city or county staff of self-administering award recipients) must attend, and retain the completion certificate, from the most recent cycle of TxCDBG Project Implementation Manual workshops. (This requirement excludes Texas Capital Fund and Colonia Self-Help Center Set-aside contracts.) The TxCDBG contract recipient (city or county) is strongly encouraged to attend the TxCDBG Project Implementation Workshops even if it anticipates using an outside firm to provide it with contract administration services.

The TxCDBG is under no obligation to approve any changes in a performance statement of a TxCDBG contract that would result in a program year score lower than originally used to make the award if the lower score would have initially caused that project to be denied funding. This does not apply to colonia self-help centers or the Texas Capital Fund.

IV. APPLICATION SELECTION CRITERIA

A. GENERAL DESCRIPTION

The scoring criteria used in the TxCDBG are described in Section C below.

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs
(2) Business Emphasis
(3) Feasibility
(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile
(2) Project Feasibility
(3) Leverage Ratio
(4) Aiding in the Elimination of Slum an/or Blight Conditions

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for Tx CDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote Tx CDBG-eligible economic development in the community or for Tx CDBG-eligible construction, improvement, extension, repair, or maintenance of Tx CDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider’s application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant’s cash match included in the Tx CDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the Tx CDBG contract, in accordance with 24 CFR Part 570.

B. RESOURCES FOR DESCRIPTIONS OF SELECTION CRITERIA BY FUND CATEGORY

Starting on the next page, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this 2010 Action Plan for the 2010 program year. Any changes to the selection criteria will be published in the Texas Register prior to final adoption.

The Texas Administrative Code can be found on the Texas Secretary of State website at www.sos.state.tx.us. Listed below are the Tx CDBG fund categories that are currently contained in the Texas Administrative Code. Certain Texas Administrative Code sections are retained for previous Fund Categories to govern existing TxCDBG contracts.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.11	Small Towns Environment Program Fund
255.17	Renewable Energy Demonstration Pilot Program

C. DESCRIPTION OF SELECTION CRITERIA BY FUND CATEGORY

1. COMMUNITY DEVELOPMENT FUND

a. Regional Review Committee (RRC) Objective Scoring

(1) Responsibilities of the RRC:
Each Regional Review Committee is responsible for determining local project priorities and objective factors for all its scoring components based on public input.

(2) Maximum RRC Points Possible:
The RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring factors.

(3) RRC Selection of the Scoring Factors:
The RRCs are responsible for convening public hearings to discuss and select the objective scoring factors that will be used to score applications at the regional level. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring factors is the responsibility of each RRC. Each RRC shall develop a Regional Review Committee Guidebook, in the format provided by TxCDBG staff, to notify eligible applicants of the objective scoring factors and other RRC procedures for the region.

(4) Examples of RRC Objective Scoring Factors:
Examples of objective scoring factors are shown in Appendix A to further clarify the term objective.

The RRC must clearly indicate how responses would be scored under each factor and use data sources that are verifiable to the public. After the RRC's adoption of its scoring factors, the score awarded to a particular application under any RRC scoring factor may not be dependent upon an individual RRC member's judgment or discretion. (This does not preclude collective RRC action that the state TxCDBG has approved under any appeals process.)

(5) RRC Priority Set-asides:
Housing and Non-Border Colonia projects - Each Regional Review Committee is highly encouraged to allocate a percentage or amount of its Community Development Fund allocation to housing projects and for RRCs in eligible areas, non-border colonia projects, for that region. Under a set-aside, the highest ranked applications for a housing or non-border colonia activity, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing or non-border colonia set-aside level. If the region allocates a percentage of its funds to housing and/or non-border colonia activities and applications conforming to the maximum and minimum amounts are not received to use the entire set-asides, the remaining funds may be used for other eligible activities. (Under a housing and/or non-border colonia set-aside process, a community would not be able to receive an award for both a housing or non-border colonia activity and an award for another Community Development Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.) The RRC must include any set-aside in its Regional Review Committee Guidebook.

(6) RRC Designation of Staff Support:
The RRC shall select one of the following entities to develop the RRC Guidebook, calculate the RRC scores, and provide other administrative RRC support:

(i) Regional Council of Governments (COG), or
(ii) TxCDBG staff or TxCDBG designee, or
(iii) A combination of COG and TxCDBG staff or TXCDBG designee.

The RRC Guidebook should be adopted by the RRC and approved by TxCDBG staff at least 90 days prior to the application deadline.

The selection of the entity responsible for calculating the RRC scores must be identified in the RRC Guidebook and must define the role of each entity selected. TDRA shall be responsible for reviewing all scores for accuracy and for determining the final ranking of applicants once the RRC and TxCDBG scores are summed. The RRC is responsible for providing to the public the RRC scores, while the TxCDBG is responsible for publishing the final ranking of the applications.

(7) Tie-breaker in a region:
If needed in the ranking of applications within a region based on available funds remaining, a tie between multiple applications shall be broken based on the per capita income ranking, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher, followed by a third tie-breaker, if needed, of the highest annual unemployment rate ranking higher.

b. State Scoring (TxCDBG Staff Scoring) - Other Considerations – Maximum Points - 10% of Maximum Possible Score for Each RRC

(1) Past Selection – Maximum Points - 2% of Maximum Possible RRC Score for each region - are awarded to each applicant that did not receive a 2007 or 2008 Community Development Fund or Community Development Supplemental Fund contract award

(2) Past Performance - Maximum Points - 4% of Maximum Possible RRC Score for each region

An applicant can receive points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's most recent Tx CDBG contract that has reached the end of the original contract period stipulated in the contract within the past 4 years (for

CD/CDS contracts only the 2003/2004 and 2005/2006 cycle awards will be considered). The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. (Adjustments may be made for contracts that are engaged in appropriately pursuing due diligence such as bonding remedies or litigation to ensure adequate performance under the TxCDBG contract.) The evaluation of an applicant's past performance will include the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.
- The expenditure timeframes on the applicable TXCDBG contracts.

(3) Benefit To Low/Moderate-Income (LMI) Persons – Applications that meet the Low and Moderate Income National Objective for each activity (51 percent low/moderate-income benefit for each activity within the application) will receive 2% of the Maximum Possible RRC Score for each region.

(4) Cost per Household (CPH) – The total amount of TxCDBG funds requested by the applicant is divided by the total number of households benefiting from the application activities to determine the TxCDBG cost per household. (Use pro rata allocation for multiple activities.) – Up to 2% of the Maximum RRC Score for each region.

(i) Cost per household is equal to or less than $8,750 – 2%.
(ii) Cost per household is greater than $8,750 but equal to or less than $17,500 – 1.75%.
(iii) Cost per household is greater than $17,500 but equal to or less than $26,500 – 1.25%.
(iv) Cost per household is greater than $26,500 but equal to or less than $35,000 – 0.5%.
(v) Cost per household is greater than $35,000 – 0%.

(When necessary, a weighted average is used to score to applications that include multiple activities with different beneficiaries. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

(Maximum State points - the calculated maximum score is rounded to a whole integer, with Past Selection, Past Performance, and LMI being rounded to a whole integer and CPH points being the difference.)

The RRC may not adopt scoring factors that directly negate or offset these state factors.

c. Other TxCDBG State Responsibilities

The state TxCDBG staff will review each RRC Guidebook to ensure that the scoring procedures are in compliance with 24 CFR 91.320(k)(1)(iv). The regulation states in part that "The statement of 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." TxCDBG staff will also review the scoring factors selected to ensure that all scoring factors are objective. Each RRC must obtain written approval from TxCDBG staff before implementing the RRC scoring process. As part of the approval process of the RRC Guidebook, the TxCDBG state staff may provide further details or elaboration on the objective scoring methodology, data sources and other clarifying details without the necessity of a subsequent RRC meeting.

The state TxCDBG staff may establish:

(i) a deadline for the RRC to adopt objective factors for all of its scoring components and submit its adopted Guidebook incorporating the objective scoring methodology to the state TxCDBG staff for approval;

(ii) an RRC scoring review appeals process in the Guidebook Instructions and/or the Texas Administrative Code.

Only the state TxCDBG staff may disqualify an application submitted in a region. The regional scores for RRC factors and the ranking of applications are not considered final until they have been reviewed and approved by the state TxCDBG staff.

Community Development Fund Marginal Competition

Due to the two-year funding cycle proposed for program years 2009 and 2010, a Community Development Fund pooled marginal competition was not conducted for program year 2009. A pooled marginal competition may be conducted for program year 2010 using available funds if the State's 2010 allocation is not decreased significantly from the State's estimated 2010 Community Development allocation.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the Tx CDBG grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the percentage of the State score received to the maximum possible State score in the region, followed by the per capita income ranking, if needed, with a lower per capita income level ranking higher, followed by a second tie-breaker, if needed, of the highest poverty rate ranking higher; both based on a city's incorporated area and a county's total unincorporated area.

2a. TEXAS CAPITAL FUND Real Estate, And Infrastructure Programs

The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons
b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the state most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2b. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
Feasibility of project
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Texas Historical Commission scoring
e. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

2c. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. Feasibility of project
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

3a. COLONIA CONSTRUCTION COMPONENT	430 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points
- Percentage of housing units without complete plumbing — 5 points
- Unemployment Rate — 5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Project Priorities -- 195 Points (Maximum)

• Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems	195
• First time public Water service activities (including yard service lines)	145
• First time public Sewer service activities (including yard service lines)	145
• Installation of approved residential on-site wastewater disposal systems for providing first time service	145
• Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues	140
• Housing Activities	140
• First time Water and/or Sewer service through a privately-owned for-profit utility	135
• Expansion or improvement of existing Water and/or Sewer service	120
• Street Paving and Drainage activities	75
• All Other eligible activities	20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design -- 140 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request 20 points
- Match at least 5%, but less than 20% of grant request 10 points
- Match less than 5% of grant request 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.

- The applicant's timely response to audit findings on previous Tx CDBG contracts.

Colonia Construction Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Component grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Component allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established Tx CDBG fund categories.

3b. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM SET-ASIDE

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established current program year fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

Tx CDBG staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the Tx CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Cost per beneficiary.

- Proximity of project site to entitlement cities or metropolitan statistical areas.

3c. COLONIA AREA PLANNING COMPONENT	**340 Total Points Maximum**

a. Community Distress -- 35 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points
- Percentage of housing units without complete plumbing — 5 points
- Unemployment Rate — 5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design -- 255 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.
- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The Tx CDBG cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning allocation will be reallocated to either fund additional Colonia Comprehensive

Planning applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

3d.	*COLONIA COMPREHENSIVE PLANNING COMPONENT*	**200 Total Points Maximum**

a. Community Distress -- 25 Points (Maximum)

• Percentage of persons living in poverty	10 points
• Per Capita Income	5 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Project Design -- 175 Points (Maximum)

Each application will be scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- An applicant that has previously received a TxCDBG comprehensive planning award would receive lower priority for funding.

A Colonia Planning Component application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Component Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Component applications, or will be reallocated to other established Tx CDBG fund categories.

4. PLANNING AND CAPACITY BUILDING FUND — 430 Total Points Maximum

a. Community Distress -- 55 Points (Maximum)

- Percentage of persons living in poverty — 25 points
- Per Capita Income — 20 points
- Unemployment rate — 10 points

b. Benefit to Low/Moderate Income Persons - 0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design -- 375 Points (Maximum)

(1) Program Priority — 50 points

Applicant chooses its own priorities here with 10 points awarded per priority as provided below.

Base studies (base mapping, housing, land use, population components) are recommended as one selected priority for applicants lacking updated studies unless they have been previously funded by TXCDBG or have been completed using other resources.

An applicant requesting TxCDBG funds for fewer than five priorities may receive point credit under this factor for planning studies completed within the last 10 years that do not need to be updated. An applicant requesting TxCDBG funds for a planning study priority that was completed within the past 10 years using TxCDBG funds would not receive scoring credit under this factor.

Applicants should not request funds to complete a water or sewer study if funds have been awarded within the last two years for these activities or funds are being requested under other TxCDBG fund categories.

(2) Base Match — 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

The population will be based on available information in the latest national decennial census.

(3) Areawide Proposals

50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products

275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 30 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 2000 will be considered new applicants for this scoring factor
- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:
    - the extent to which any previous planning efforts have been implemented or accomplished;
    - how clearly the proposed planning effort will resolve community development needs addressed in the application;
    - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
    - demonstration of local commitment.

5. Tx CDBG STEP FUND

120 Total Points Maximum

The following is the selection criteria to be used by Tx CDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors:

a. Project Impact – 60 Points (Maximum)

Activity	Score
• First time service	60-40
• To address drought	60-40
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-40
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60-40
• Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
• Problems due to severe pressure problems (documented)	50-40
• Line replacement (water or sewer) other than for above	40-30
• All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and

2. projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)

<u>The Tx CDBG staff will assess the proposal for the following STEP characteristics not scored in other factors:</u>

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. local leaders (sparkplugs) willing to both lead and sustain the effort;
3. readiness to proceed – the local perception of the problem and the willingness to take action to solve it;
4. capacity – the manpower required for the proposal including skills required to solve the problem and operate applicable construction equipment;
5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in Tx CDBG dollars requested per beneficiary, etc.; and
6. local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance – 15 Points (Maximum)

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.

- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

d. Percentage of Savings off of the retail price – 10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points
41% - 44.99% Savings	1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50% - 54.99% Savings	5 points
45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

e. Benefit To Low/Moderate-Income Persons – 5 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 12(b) to be considered for funding.

6. Renewable Energy Demonstration Pilot Program

70 Total Points Maximum

(A) Type of Project - Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons – up to 15 points.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods – up to 10 points.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.) – up to 10 points

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals – up to 10 points

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses – up to 10 points.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses.

Applicant(s) population equal to or less than 2,500 according to the latest decennial Census:

- Match equal to or greater than 15% of grant request — 10 points
- Match at least 8% but less than 15% of grant request — 5 points
- Match at least 3%, but less than 8% of grant request — 3 points
- Match at least 2%, but less than 3% of grant request — 1 point
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 2,500 according to the latest decennial Census:

- Match equal to or greater than 25% of grant request — 10 points
- Match at least 13% but less than 25% of grant request — 5 points
- Match at least 5%, but less than 13% of grant request — 3 points
- Match at least 3%, but less than 5% of grant request — 1 point
- Match less than 3% of grant request — 0 points

Applicant(s) population equal to or less than 10,000 but over 5,000 according to the latest decennial Census:

- Match equal to or greater than 35% of grant request — 10 points
- Match at least 18% but less than 35% of grant request — 5 points

- Match at least 7%, but less than 18% of grant request — 3 points
- Match at least 4%, but less than 7% of grant request — 1 point
- Match less than 4% of grant request — 0 points

Applicant(s) population over 10,000 according to the latest decennial Census:

- Match equal to or greater than 50% of grant request — 10 points
- Match at least 25% but less than 50% of grant request — 5 points
- Match at least 10%, but less than 25% of grant request — 3 points
- Match at least 5%, but less than 10% of grant request — 1 point
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 or counties under 100,000 – 5 points.

Tiebreaker – If needed in the ranking of applications based on available funds, a tie between multiple applications shall be broken based on the score of (D) Long-term Cost / Benefit and Texas Renewable Energy Goals, followed by the per capita income ranking for the entire population of the city or county that applied.

V. PERFORMANCE MEASURES - GOALS, OBJECTIVES, OUTCOMES, STRATEGIES, AND OUTPUTS

TX CDBG STRATEGIC PLAN PERFORMANCE MEASURES:

The Tx CDBG currently has a performance measurement system is place that is part of its strategic plan and the Texas legislative budgeting process. The Tx CDBG has already implemented a performance measurement system that supports the HUD goals as stated in CPD Notice – 03-09, issued September 3, 2003, which “strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system.” In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to “(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs.”

The Tx CDBG has the following Performance Measures system in place for administering and evaluating the success of the CDBG non-entitlement program.

GOALS, OBJECTIVES AND OUTCOMES – FOR FY 2009-2010

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
Outcome 1: Percent of the Small Communities’ Population Benefiting from Projects
Outcome 2: Percent of Requested Project Funds Awarded to Projects Using Annual HUD Allocation

STRATEGIES AND EFFICIENCY, EXPLANATORY AND OUTPUT MEASURES – FOR 2009-2010

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
Strategy 1: Provide Grants for Community and Economic Development Projects
Efficiency 1: Average Agency Administrative Cost per Contract Administered
Output 1: Number of New Contracts Awarded
Output 2: Number of Projected Beneficiaries from New Contracts Awarded
Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually
Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded
Output 5: Number of Programmatic Monitoring Visits Conducted
Output 6: Number of Single Audit reviews Conducted Annually

HUD CDBG Performance Outcome Measurement System

The Tx CDBG has implemented the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

VI. OTHER 2010 CDBG PROGRAM GUIDELINES

A. COMMUNITY NEEDS ASSESSMENT

Each applicant for Tx CDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

B. LEVERAGING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown

Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of $750,100 to $1,000,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the 2009 program year then the estimated amount of leveraged funds for the 2010 program year is approximately $45 million.

C. MINORITY HIRING/PARTICIPATION

The Tx CDBG encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

D. CITIZEN PARTICIPATION

A grant to a locality under the Texas Community Development Block Grant Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. Tx CDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in Tx CDBG application guides.

APPENDIX A – EXAMPLES OF OBJECTIVE SCORING FACTORS

1. PER CAPITA INCOME – 20 POINTS MAXIMUM

Compare each applicant's per capita income level to all other applicants in the region.

Method: The base amount for the entire region is divided by the applicant's per capita income level and then multiplied by the maximum possible score of 20, provided the product may not exceed 20 points. The base amount is the average (mean) of the per capita income levels of all the applicants in the region multiplied by a factor 0.75.

Details:

Incorporated City Applications:

For an incorporated city, the data used to score is based on the 2000 decennial Census SF 3 information for the city's entire population.

For a new incorporated city that was not included in the 2000 decennial Census as an incorporated city, the data used to score is based on the 2000 decennial Census information for the entire county unincorporated population.

County Applications:

For a county, the data used to score is based on the 2000 decennial Census SF 3 information for:

the county's entire population (for county-wide benefit activities);

the county's entire unincorporated population (for activities that only benefit persons in unincorporated areas); or

the 2000 decennial census geographic area information specific to the unincorporated areas benefiting from the county's application activities (for activities that only benefit persons in unincorporated areas) (only census tracts, or block numbering areas, and block groups are allowable census geographic areas)

Geographic area information may be substituted only for county applications where the application activities benefit no more than two separate unincorporated target areas. County applications that include application activities for unincorporated areas that are located in more than two county precincts are scored for the entire county unincorporated population or the entire county population.

If a county elects to use census geographic area information that is specific to the unincorporated areas benefiting from the application activities, the county must submit the census geographic area identification number and the associated per capita income amount for each target area.

Multi-Jurisdiction applications - For multi-jurisdiction applications, the data used for scoring is based on a simple average of the per capita income amounts for all of the participating jurisdictions.

Data Source – US Bureau of the Census - 2000 Census – SF 3, Per Capita Income

2. MATCHING FUNDS -- 60 POINTS MAXIMUM

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request 60 points
- Match at least 4% but less than 5% of grant request 40 points
- Match at least 3%, but less than 4% of grant request 20 points
- Match at least 2%, but less than 3% of grant request 10 points
- Match less than 2% of grant request 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request 60 points
- Match at least 7.5% but less than 10% of grant request 40 points
- Match at least 5%, but less than 7.5% of grant request 20 points
- Match at least 2.5%, but less than 5% of grant request 10 points
- Match less than 2.5% of grant request 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request 60 points
- Match at least 11.5% but less than 15% of grant request 40 points
- Match at least 7.5%, but less than 11.5% of grant request 20 points
- Match at least 3.5%, but less than 7.5% of grant request 10 points
- Match less than 3.5% of grant request 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

• Match equal to or greater than 20% of grant request	60 points
• Match at least 15% but less than 20% of grant request	40 points
• Match at least 10%, but less than 15% of grant request	20 points
• Match at least 5%, but less than 10% of grant request	10 points
• Match less than 5% of grant request	0 points

The population category for an incorporated city is based on the city's 2000 Census population. The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Multi-Jurisdiction Applications - The population category under which multi-jurisdiction applications will be scored will be based on the combined populations of the participating applicants according to the 2000 census. The guidelines for determining the population category for county applications will also apply to multi-jurisdiction applications when a county or counties are participants in a multi-jurisdiction application.

Data Source - US Bureau of the Census - 2000 Census, SF 3.

3. Project Priorities – 30 Points Maximum

a. Activities providing or improving water or wastewater (including yardlines on residential property) – 30 Points

b. Housing rehabilitation activities - 15 Points

c. All other eligible activities – 5 Points

(When necessary, a weighted-average is used to score to applications that include multiple activities. Using as a base figure the TxCDBG funds requested minus the TxCDBG funds requested for administration, a percentage of the total TxCDBG construction and engineering dollars for each activity is calculated. Administration dollars requested is applied pro-rata to these amounts. The percentage of the total TxCDBG dollars for each activity is then multiplied by the appropriate score and the sum of the calculations determines the score. Related acquisition costs are applied to the associated activity.)

CPD Outcome Performance Measurement System Reporting:

The TxCDBG has implemented the HUD CPD Outcome Performance Measurement System Reporting and has added the performance measurement objectives and outcomes to its new application guides. All applicants are required to indicate the performance measures that best correspond with the activities they are proposing. TxCDBG staff enter the objectives and outcomes in its internal application review database. Upon the award of the funds, TxCDBG enter the performance measure information into the IDIS database. The TxCDBG staff update the information in IDIS as needed. In addition, for existing open contracts, TxCDBG staff has entered the objectives and outcomes for these contracts into the IDIS system.

The outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, are used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

Affordable housing has been primarily provided using CDBG funds to regions located on the Texas-Mexico border. Based on performance from more recent housing rehabilitation projects, 80 percent of the households benefiting from the housing rehabilitation projects were to minority households. The Texas CDBG program anticipates assisting 33 households in the upcoming year, primarily through housing rehabilitation projects under the Community Development Fund and Colonia Fund, of which 26 are anticipated to be minority households.

During the PY 2010 time period, the anticipated objectives and outcomes for the proposed eligible activities using all CDBG funds available are shown below; however, both the actual objectives and outcomes for individual funded projects may vary within the eligible activities depending on the applicant's determination and selection. The number of activities below assumes the deobligated funds and program income available in PY 2010 will be made available for priorities as currently specified in the action plan:

HUD Matrix Code	HUD Matrix Name	Objective	Outcome	PY 2010 -Expected Number of Activities
03E	Neighborhood Facilities	Suitable Living Environment	Availability/ Accessibility	4
03J	Water/Sewer Improvements	Suitable Living Environment	Availability/ Accessibility	136
		Suitable Living Environment	Affordability	8
		Suitable Living Environment	Sustainability	71
03K	Street Improvements	Suitable Living Environment	Availability/ Accessibility	92
		Suitable Living Environment	Affordability	3
		Suitable Living Environment	Sustainability	2
14A	Rehabilitation; Single Unit Residential	Suitable Living Environment	Availability/ Accessibility	50
		Decent Housing	Affordability	8
		Decent Housing	Sustainability	2
13	Homeownership Assistance	Decent Housing	Affordability	1
03F	Parks, Playgrounds, and Other Recreational Facilities	Suitable Living Environment	Availability/ Accessibility	2
05	Public Service	Suitable Living Environment	Availability/ Accessibility	3
03	Other Public Utilities	Suitable Living Environment	Availability/ Accessibility	3
		Economic Opportunity	Sustainability	1
04	Clearance Demolition Activities	Suitable Living Environment	Availability/ Accessibility	8
		Suitable Living Environment	Sustainability	1
03O	Fire Stations/ Equipment	Suitable Living Environment	Availability/ Accessibility	4
18A	ED Direct Financial Assistance for For-Profits	Economic Opportunity	Availability/ Accessibility	2
		Economic Opportunity	Affordability	30
				431

NON-HOMELESS SPECIAL NEEDS ACTION PLAN: HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Situated within a comprehensive network of HIV care services in Texas, the State of Texas HOPWA Formula program meets the unmet housing and supportive services needs of people living with HIV/AIDS (PLWHA) in Texas by providing housing assistance and supportive services to income-eligible individuals living with HIV/AIDS and their families. The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing, to reduce the risk of homelessness, and to improve access to health care and supportive services. As of the end of 2007, 62,714 persons were known to be living with HIV/AIDS in Texas; this does not include persons with HIV who have not been diagnosed.[67]. The 2008-2010 Texas Statement of Coordinated Need reported oral health care and housing as the two most frequent gaps in services identified by clients in six of the seven HIV Service Delivery Areas (HSDAs) assessed in Texas[68].

The State of Texas HOPWA program is administered by the TB/HIV/STD Unit - HIV/STD Prevention and Care Branch of the Department of State Health Services (DSHS) and provides the following services:

Tenant-Based Rental Assistance (TBRA) program

The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing.

Short-Term Rent, Mortgage, and Utilities (STRMU) assistance program

The STRMU program provides short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period.

Supportive Services program

The Supportive Services program provides case management, basic telephone service and assistance to purchase smoke detectors to eligible individuals.

Permanent Housing Placement Services (PHP)

The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing.

Annual Program goals

Based on prior-year performance and level funding from HUD, DSHS estimates that 700 households can be provided with short-term rent, mortgage, and utility payments, 550 households can be provided tenant-based rental assistance, and 20 households can be provided permanent housing placement during the 2010 project year. All households will be provided with supportive services funded through HOPWA, Ryan White, or other leveraged sources.

PROJECT SPONSOR SELECTION PROCESS

DSHS selects eight Administrative Agencies (AAs) across the state through a combination of competitive Requests for Proposals (RFP) and intergovernmental agency contracts. The AAs act as an administrative arm for DSHS by administering the HOPWA program locally for a five year project period. This period is concurrent with the Ryan White Part B grant period, which delivers case management and other supportive services to HOPWA clients.

These AAs in turn select HOPWA Project Sponsors through local competitive processes that are open to all grassroots, faith-based, community-based organizations, and governmental agencies. Each AA contracts with one or more Project Sponsors who directly provide HOPWA services to eligible clients throughout the state's 26 HSDAs. Some Project Sponsors may change during 2010 due to local competitive processes.

PROGRAM BUDGET

DSHS reserves three percent of the total award for administrative and indirect costs, including, personnel, supplies, travel, training/technical assistance, and contractual support for ARIES. Project Sponsors are allowed up to seven percent of their allocation for personnel or other administrative costs. The funding allocation is distributed geographically by HSDA and is based on a formula including HIV/AIDS morbidity, poverty level, and population distribution with annual adjustments for project sponsor funding needs.

The 2010 HOPWA Program budget of $2,625,853 and unexpended prior year funds ($703,023) is allocated as follows:

DSHS administration (3%)	$78,776

(indirect costs, personnel, supplies, travel, training/technical assistance, contractual support for ARIES)

Contractual	$3,250,100
TBRA	$2,079,954
STRMU	$552,161
Supportive Services	$389,253
Permanent Housing Placement	$37,020
Project Sponsor Administration (7%)	$191,712

GEOGRAPHIC DISTRIBUTION

The funding allocations are geographically distributed across the state to the 26 HSDAs, excluding 35 counties located in the Eligible Metropolitan Areas (EMAs) that receive direct HOPWA funding from HUD. The 35 counties in the five directly-funded EMAs of Austin, Dallas, Fort Worth, Houston, and San Antonio are as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.

ADMINISTRATIVE AGENCIES AND PROJECT SPONSORS

The following chart summarizes the estimated 2010 HOPWA funding allocation for the eight AAs and their 26 Project Sponsors/HSDAs. DSHS distributes funding in excess of the HUD grant award to spend down unobligated balances from previous years. The 2010 funding allocations are estimates based on 2009 funding levels, program expenditures, and waiting lists and may change as the 2010 HUD award is received and contracts are negotiated.

Administrative Agency	2010 funding allocation	Project Sponsor/HSDA	2010 funding allocation
Bexar County	199,200	Alamo Area Resource Center/San Antonio	95,000
		United Medical Centers/Uvalde	25,200
		Victoria City-County Health Department/Victoria	79,000
Brazos Valley Council of Governments P.O. Box 4128 Bryan, TX 77805-4128	255,000	Community Action, Inc./Austin	23,000
		San Angelo AIDS Foundation/Concho-Plateau	52,000
		United Way of the Greater Fort Hood Area/Temple-Killeen	35,000
		Project Unity/Bryan-College Station	67,000
		Waco/McLennan County Public Health District/Waco	78,000
Dallas County HHSD 2377 North Stemmons Frwy., Ste. 600 Dallas, TX 75207-2710	57,000	Dallas County Health and Human Services -HOPWA Program/Dallas	2,000
		Your Health Clinic/Sherman-Dennison	55,000
Houston Regional Resource Group 500 Lovett Boulevard, Ste. 100 Houston, TX 77006	892,000	AIDS Coalition of Coastal Texas/Galveston	20,000
		AIDS Foundation of Houston/Houston	30,000
		Health Horizons/Lufkin	149,000
		Special Health Resources for Texas, Inc. Longview/Tyler	476,000
		Special Health Resources for Texas, Inc. Paris/Texarkana	94,000
		Triangle AIDS Network/Beaumont-Port Arthur	123,000
Lubbock Regional MHMR Center P.O. Box 2828 1602 Tenth St. Lubbock, TX 79408-2828	361,500	Panhandle AIDS Service Organization/Amarillo	116,000
		Permian Basin Community Center/Permian-Basin	118,000
		Planned Parenthood Association of Lubbock/Lubbock	127,500

Administrative Agency	2010 funding allocation	Project Sponsor/HSDA	2010 funding allocation
Planned Parenthood Center of El Paso 1801 Wyoming Avenue, Ste. 202 El Paso, TX 79902	534,900	Planned Parenthood Center of El Paso/El Paso	534,900
South Texas Development Council (STDC) P.O. Box 2187 4812 North Bartlett Laredo, TX 78044-2187	779,500	City of Laredo Health Department/Laredo	83,700
		Coastal Bend AIDS Foundation/Corpus Christi	350,800
		Valley AIDS Council/Brownsville	345,000
Tarrant County Health Department 1101 South Main St., Ste. 2500 Fort Worth, TX 76104-4802	171,000	AIDS Resources of Rural Texas – Abilene/Abilene	60,000
		AIDS Resources of Rural Texas – Weatherford/Fort Worth	50,000
		Wichita Falls Wichita County Health Department/Wichita Falls	61,000
Total	3,250,100		3,250,100

CLIENT PARTICIPATION

Clients participate in shaping local approaches to meeting housing needs in three ways:

All areas conduct periodic needs assessment of client needs, and assessment of housing needs are included in such assessments. These assessments vary in methodology and depth with which housing needs are explored, which is appropriate given the varying needs for housing assistance in various areas of the state. Additionally, all Ryan White Part A councils in Texas have either completed special assessments of homeless persons or persons at risk for homelessness, or will be completing such assessments within the next year. Assessments in all EMAs are joint Ryan White Part A and Part B assessments.

All planning areas in the state must have ways for community members, including clients, to have input into local priorities, allocations, and plans. All plans include discussions of how best to deliver services to meet the needs identified in assessments, and plans that prioritize expenditures on housing or identify housing needs that would include discussions of how best to meet these needs. Plans are written on three to four year cycles, but reviewed annually.

Finally, clients shape housing services via direct interactions with service providers. Through the intake system, HIV/AIDS clients are informed about the HOPWA program, assisted with the application, or referred directly to the HOPWA Project Sponsor. Clients' housing needs are also assessed regularly with case managers as circumstances change and as determined by clients' housing plans.

Outcome Measures

DSHS HOPWA contractors must address the following outcomes pursuant to the new performance measurement outcome system mandated by HUD:

Annual Action Plan - Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-2	# of households served	550	TBRA housing assistance
DH-2	# of households served	700	STRMU housing assistance
DH-2	# of households served	1250[69]	Supportive Services (restricted to case mgt., smoke detectors, and phone service)
DH-1	# of households served	20	Permanent Housing Placement (security deposits, application fees, credit checks)
Key	Availability/Accessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3

[69] This is based on total TBRA and STRMU households expected to be served. All HOPWA households are expected to receive case management services funded by multiple funding streams, including Ryan White, HOPWA, and other leveraged resources.

MONITORING

91.330 Monitoring

The consolidated plan must describe the standards and procedures that the State will use to monitor activities carried out in furtherance of the plan and will use to ensure long-term compliance with requirements of the programs involved, including the comprehensive planning requirements.

(Approved by the Office of Management and Budget under control number 2506-0117)

[60 FR 1896, Jan. 5, 1995; 60 FR 4861, Jan. 25, 1995]

The State ensures compliance with program and comprehensive planning requirements through various compliance measures.

CDBG MONITORING

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, Compliance and Finance Divisions 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 TDRA 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 MONITORING

TDHCA has established oversight and monitoring procedures within the TDHCA HOME, Compliance and Asset Oversight 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 ESGP 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
- Risk management
- Sanctions

IDENTIFYING AND TRACKING PROGRAM AND PROJECT RESULTS

HOME contract and project activities are tracked through the TDHCA Contract System, including funds committed, pending projects, funds drawn, activities and contracts completed, and funds disbursed through the internet-based system, HUD's IDIS, and other reports generated as needed. The Contract System 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 households assisted, the ongoing expenditures of HOME funds, and beneficiary information.

Other resources utilized by TDHCA to track project results include a performance team, to provide oversight and monitor contract progress, and 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 housing developments, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period. Finally, the establishment of a Physical Inspections section in the Compliance Division assists with maintaining quality and integrity during project construction.

ESGP project and contract activities are tracked through TDHCA's 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 HOME Division Database and Contract System, 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, technical assistance visits, phone calls, 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 ESGP 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 monthly basis to track expenditure totals. HOME set-aside requirements are also tracked as a part of the HOME Fund Balance Report, which reports the Division's status of HOME funds including program income and deobligated funds. The Department has also added performance benchmarks in the Department's rules and as part of its written agreements with subrecipients as further incentive of timely expenditure of funds.

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 previous participation of the applicant is evaluated. If there are any minor uncorrected issues of noncompliance identified, the request for funding will be denied unless those issues are corrected. If material noncompliance is identified, the application is terminated. The compliance history is considered by TDHCA's Board prior to finalizing awards and evaluated again prior to execution of written agreements.

PREVENTING FRAUD AND ABUSE

TDHCA monitors for mismanagement of funds in the HOME and ESGP during onsite visits through a review of supporting documentation provided by the administrator and through information gathered from outside sources. This is done throughout the contract period to ensure that funds are spent on eligible activities. If an administrator mismanages funds, sanctions are enforced and disallowed costs are refunded to TDHCA. Also, if fraud is suspected, TDHCA makes referrals and works 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 Compliance and Asset Oversight Division is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where written agreements require long-term oversight (such as land use restrictive covenants), reporting and enforcement procedures have been implemented.

The CAO 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 the Department, 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.

TDHCA monitors ESGP subrecipients based on an assessment of associated risks. The assessment of associated risks utilizes factors developed by the Department's Compliance and Asset Oversight Division in conjunction with the Community Affairs Division. The factors include the status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and dollar amounts of Department funds contracts and single audit issues. Subrecipients with the highest rankings are considered high risk and will receive an on-site monitoring review. Subrecipients with low rankings will have a desk review conducted. 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.

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 may 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 majority of HOME administrators comply with program rules and regulations. However, for the handful who do not, after technical assistance and a corrective action period is provided, administrative penalties are considered. The Department has the authority to assess administrative penalties for event of noncompliance, ranging from $100 to up to $1000 per day for serious noncompliance events. Although still in its infancy, the administrative penalty process is proving to be a successful and effective tool for restoring compliance.

In addition, the Department has the ability to debar individuals and companies from participation in our programs. Debarred entities will be listed as such on the Department's website which will likely affect their ability to be awarded contracts with other state and federal agencies.

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 ESGP applications for funding.

HOPWA MONITORING

A team of 7 DSHS Field Operations staff monitor the AAs' HOPWA administration activities, and the AAs monitor the Project Sponsors for HOPWA program compliance. This monitoring involves periodic site visits, technical assistance, and the submission of quarterly progress reports. Desk audits are conducted by the Contract Management Unit at the division level in DSHS. Additionally, fiscal audits are conducted as part of a centralized service of DSHS, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

Administrative Agencies and Project Sponsors are required to comply with HUD regulations, the DSHS Program Manual and their contractual Statement of Work. The DSHS HOPWA program manual is located at http://www.dshs.state.tx.us/hivstd/fieldops/hopwa.shtm. The HOPWA monitoring tool is located at http://www.dshs.state.tx.us/hivstd/fieldops/page_02/hopwa.doc. The HOPWA Statement of Work is located at http://www.dshs.state.tx.us/hivstd/funding/hopwa/HOPWA_Renewal.doc. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the Administrative Agency Core Competencies document located at http://www.dshs.state.tx.us/hivstd/pops/pdf/pdf_administrative_duties_standards.pdf.

CERTIFICATIONS

§ 91.325 Certifications

(a) General

(1) Affirmatively furthering fair housing. Each State is required to submit a certification that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the State, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. (See Sec. 570.487(b)(2)(ii) of this title.)

(2) Anti-displacement and relocation plan. The State is required to submit a certification that it has in effect and is following a residential antidisplacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG or HOME programs.

(3) Anti-lobbying. The State must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) Authority of State. The State must submit a certification that the consolidated plan is authorized under State law and that the State possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

(5) Consistency with plan. The State must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

(6) Acquisition and relocation. The State must submit a certification that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR part 24.

(7) Section 3. The State must submit a certification that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(b) Community Development Block Grant program. For States that seek funding under CDBG, the following certifications are required:

(1) Citizen participation. A certification that the State is following a detailed citizen participation plan that satisfies the requirements of Sec. 91.115, and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of Sec. 570.486 of this title.

(2) Consultation with local governments. A certification that:

(i) It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;

(ii) It engages or will engage in planning for community development activities;

(iii) It provides or will provide technical assistance to units of general local government in connection with community development programs;

(iv) It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected; and

(v) Each unit of general local government to be distributed funds will be required to identify its community development and housing needs, including the needs of the low-income and moderate-income families, and the activities to be undertaken to meet these needs.

(3) Community development plan. A certification that this consolidated plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objective of the statute authorizing the CDBG program, as described in 24 CFR 570.2, and requirements of this part and 24 CFR part 570.

(4) Use of funds. A certification that the State has complied with the following criteria:

(i) With respect to activities expected to be assisted with CDBG funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. The plan may also include CDBG-assisted activities that are certified to be designed to meet other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs;

(ii) The aggregate use of CDBG funds, including section 108 guaranteed loans, during a period specified by the State, consisting of one, two, or three specific consecutive program years, shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period (see 24 CFR 570.481 for definition of ``CDBG funds''); and

(iii) The State will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

(5) <u>Compliance with anti-discrimination laws.</u> A certification that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

(6) <u>Excessive force</u>. A certification that the State will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

(i) A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

(ii) A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(7) Compliance with laws. A certification that the State will comply with applicable laws.

(c) <u>Emergency Shelter Grant program.</u> For States that seek funding under the Emergency Shelter Grant program, a certification is required by the State that it will ensure that its State recipients comply with the following criteria:

(1) In the case of assistance involving major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a 10-year period;

(2) In the case of assistance involving rehabilitation less than that covered under paragraph (d)(1) of this section, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a three-year period;

(3) In the case of assistance involving essential services (including but not limited to employment, health, drug abuse, or education) or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served;

(4) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;

(5) It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance available for such individuals;

(6) It will obtain matching amounts required under Sec. 576.71 of this title;

(7) It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter;

(8) To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program; and

(9) It is following a current HUD-approved consolidated plan.

(10) A certification that the state has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care, or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

(d) HOME program. Each State must provide the following certifications:

(1) If it plans to use program funds for tenant-based rental assistance, a certification that rental-based assistance is an essential element of its consolidated plan;

(2) A certification that it is using and will use HOME funds for eligible activities and costs, as described in Sec. Sec. 92.205 through 92.209 of this subtitle and that it is not using and will not use HOME funds for prohibited activities, as described in Sec. 92.214 of this subtitle; and

(3) A certification that before committing funds to a project, the State or its recipients will evaluate the project in accordance with guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing.

(e) Housing Opportunities for Persons With AIDS. For States that seek funding under the Housing Opportunities for Persons With AIDS program, a certification is required by the State that:

(1) Activities funded under the program will meet urgent needs that are not being met by available public and private sources; and

(2) Any building or structure purchased, leased, rehabilitated, renovated, or converted with assistance under that program shall be operated for not less than 10 years specified in the plan, or for a period of not less than three years in cases involving non-substantial rehabilitation or repair of a building or structure.

(Approved by the Office of Management and Budget under control number 2506-0117)

[60 FR 1896, Jan. 5, 1995, as amended at 71 FR 6970, Feb. 9, 2006; 72 FR 73493, Dec. 27, 2007]

DUNS NUMBERS

The Data Universal Numbering System (DUNS) number for the Texas Department of Housing and Community Affairs (TDHCA) is 806781902. The DUNS number for the Texas Department of State Health Services (DSHS) is 807391511. The DUNS number for the Texas Department of Rural Affairs (TDRA) is 137053125.

CERTIFICATION FORMS

Certification forms will be completed in the final version of this document.

CITIZEN PARTICIPATION PLAN

§ 91.115 Citizen participation plan - States.

(a) Applicability and adoption of the citizen participation plan.

(1) The State is required to adopt a citizen participation plan that sets forth the State's policies and procedures for citizen participation. (Where a State, before March 6, 1995, adopted a citizen participation plan that complies with section 104(a)(3) of the Housing and Community Development Act of 1974 (42 U.S.C. 5304(A)(3)) but will need to amend the citizen participation plan to comply with provisions of this section, the citizen participation plan shall be amended by the first day of the State's program year that begins on or after 180 days following March 6, 1995.)

(2) Encouragement of citizen participation. The citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan, any substantial amendments to the consolidated plan, and the performance report. These requirements are designed especially to encourage participation by low- and moderate-income persons, particularly those living in slum and blighted areas and in areas where CDBG funds are proposed to be used and by residents of predominantly low- and moderate-income neighborhoods, as defined by the State. A State also is expected to take whatever actions are appropriate to encourage the participation of all its citizens, including minorities and non-English speaking persons, as well as persons with disabilities.

(3) Citizen and local government comment on the citizen participation plan and amendments. The State must provide citizens and units of general local government a reasonable opportunity to comment on the original citizen participation plan and on substantial amendments to the citizen participation plan, and must make the citizen participation plan public. The citizen participation plan must be in a format accessible to persons with disabilities, upon request.

(b) Development of the consolidated plan. The citizen participation plan must include the following minimum requirements for the development of the consolidated plan.

(1) The citizen participation plan must require that, before the State adopts a consolidated plan, the State will make available to citizens, public agencies, and other interested parties information that includes the amount of assistance the State expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income and the plans to minimize displacement of persons and to assist any persons displaced. The citizen participation plan must state when and how the State will make this information available.

(2) The citizen participation plan must require the State to publish the proposed consolidated plan in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and to submit comments. The citizen participation plan must set forth how the State will publish the proposed consolidated plan and give reasonable opportunity to examine the contents of the proposed consolidated plan.

The requirement for publishing may be met by publishing a summary of the proposed consolidated plan in one or more newspapers of general circulation, and by making copies of the proposed consolidated plan available at libraries, government offices, and public places. The summary must describe the contents and purpose of the consolidated plan, and must include a list of the locations where copies of the entire proposed consolidated plan may be examined. In addition, the State must provide a reasonable number of free copies of the plan to citizens and groups that request it.

(3) The citizen participation plan must provide for at least one public hearing on housing and community development needs before the proposed consolidated plan is published for comment.

(i) The citizen participation plan must state how and when adequate advance notice will be given to citizens of the hearing, with sufficient information published about the subject of the hearing to permit informed comment. (Publishing small print notices in the newspaper a few days before the hearing does not constitute adequate notice. Although HUD is not specifying the length of notice required, it would consider two weeks adequate.)

(ii) The citizen participation plan must provide that the hearing be held at a time and location convenient to potential and actual beneficiaries, and with accommodation for persons with disabilities. The citizen participation plan must specify how it will meet these requirements.

(iii) The citizen participation plan must identify how the needs of non-English speaking residents will be met in the case of a public hearing where a significant number of non-English speaking residents can be reasonably expected to participate.

(4) The citizen participation plan must provide a period, not less than 30 days, to receive comments from citizens and units of general local government on the consolidated plan.

(5) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general received in writing, or orally at the public hearings, in preparing the final consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, shall be attached to the final consolidated plan.

(c) Amendments

(1) Criteria for amendment to consolidated plan. The citizen participation plan must specify the criteria the State will use for determining what changes in the State's planned or actual activities constitute a substantial amendment to the consolidated plan. (See Sec. 91.505.) It must include among the criteria for a substantial amendment changes in the method of distribution of such funds.

(2) The citizen participation plan must provide citizens and units of general local government with reasonable notice and an opportunity to comment on substantial amendments. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given.

The citizen participation plan must provide a period, not less than 30 days, to receive comments on the substantial amendment before the amendment is implemented.

(3) The citizen participation plan shall require the State to consider any comments or views of citizens and units of general local government received in writing, or orally at public hearings, if any, in preparing the substantial amendment of the consolidated plan. A summary of these comments or views, and a summary of any comments or views not accepted and the reasons therefore, shall be attached to the substantial amendment of the consolidated plan.

(d) Performance Reports.

(1) The citizen participation plan must provide citizens with reasonable notice and an opportunity to comment on performance reports. The citizen participation plan must state how reasonable notice and an opportunity to comment will be given. The citizen participation plan must provide a period, not less than 15 days, to receive comments on the performance report that is to be submitted to HUD before its submission.

(2) The citizen participation plan shall require the state to consider any comments or views of citizens received in writing, or orally at public hearings in preparing the performance report. A summary of these comments or views shall be attached to the performance report.

(e) Citizen participation requirements for local governments. The citizen participation plan must describe the citizen participation requirements for units of general local government receiving CDBG funds from the State in 24 CFR 570.486. The citizen participation plan must explain how the requirements will be met.

(f) Availability to the public. The citizen participation plan must provide that the consolidated plan as adopted, substantial amendments, and the performance report will be available to the public, including the availability of materials in a form accessible to persons with disabilities, upon request. The citizen participation plan must state how these documents will be available to the public.

(g) Access to records. The citizen participation plan must require the state to provide citizens, public agencies, and other interested parties with reasonable and timely access to information and records relating to the state's consolidated plan and the state's use of assistance under the programs covered by this part during the preceding five years.

(h) Complaints. The citizen participation plan shall describe the State's appropriate and practicable procedures to handle complaints from citizens related to the consolidated plan, amendments, and performance report. At a minimum, the citizen participation plan shall require that the State must provide a timely, substantive written response to every written citizen complaint, within an established period of time (within 15 working days, where practicable, if the State is a CDBG grant recipient).

(i) Use of citizen participation plan. The State must follow its citizen participation plan.

(Approved by the Office of Management and Budget under control number 2506-0117)

§ 91.505 Amendments to the consolidated plan.

(a) Amendments to the plan. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:

(1) To make a change in its allocation priorities or a change in the method of distribution of funds;

(2) To carry out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or

(3) To change the purpose, scope, location, or beneficiaries of an activity.

(b) Criteria for substantial amendment. The jurisdiction shall identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment. It is these substantial amendments that are subject to a citizen participation process, in accordance with the jurisdiction's citizen participation plan. (See Secs. 91.105 and 91.115.)

(c) Submission to HUD.

(1) Upon completion, the jurisdiction must make the amendment public and must notify HUD that an amendment has been made. The jurisdiction may submit a copy of each amendment to HUD as it occurs, or at the end of the program year. Letters transmitting copies of amendments must be signed by the official representative of the jurisdiction authorized to take such action.

(2) See subpart B of this part for the public notice procedures applicable to substantial amendments. For any amendment affecting the HOPWA program that would involve acquisition, rehabilitation, conversion, lease, repair or construction of properties to provide housing, an environmental review of the revised proposed use of funds must be completed by HUD in accordance with 24 CFR 574.510.

(Approved by the Office of Management and Budget under control number 2506-0117)

ENCOURAGEMENT OF CITIZEN PARTICIPATION

The Texas Department of Housing and Community Affairs (TDHCA) is the lead agency for the development and approval of the 2010-2014 State of Texas Consolidated Plan. All of the programs covered by the Plan are administered by TDHCA, with the exception of the Housing Opportunities for People with AIDS (HOPWA) Program, which is administered by the Texas Department of State Health Services, and the Community Development Block Grant (CDBG) Program, which is administered by the Texas Department of Rural Affairs.

Throughout the year, the Department gathers public input at public hearings, roundtable discussions, Board of Directors meetings as well as attending meetings of other organizations to participate in various partnerships. These events are held during and after working hours to provide schedule flexibility for participants. Spanish speaking staff members often attend the venues at which public input is gathered to help communicate those who only speak Spanish. Translators can be made available at public meetings, if requested. In addition, the hearing sites, roundtable discussions and Board of Directors meetings are accessible to persons with disabilities.

ALTERNATIVE CITIZEN PARTICIPATION TECHNIQUES

The Department also uses technology to communicate more efficiently. In an effort to gather information from specific audiences, TDHCA conducts online surveys. Online surveys increase the response rate of participants as well as allowing for faster data analysis. This survey method also includes the Community Needs Survey, which was designed to provide TDHCA with an understanding of housing and community assistance needs at the local level. The survey gave local officials and housing and community service professionals, who are most familiar with the unique characteristics of their communities, an opportunity to inform TDHCA about how their needs can be most effectively addressed. Data collected by the survey will serve as a valuable resource in program planning when determining how to best target funds and serve local communities.

In addition, TDHCA added the use of webcasts to allow the public to attend certain conferences remotely, thus removing the financial burden of travel. Furthermore, TDHCA sends out notices via listserv announcements which create fast communication to a large audience. Finally, TDHCA updates its website on a consistent basis with programmatic information to improve communication with the public.

PUBLIC HEARINGS

The Consolidated Plan will be available for a 31-day public comment period from September 18, 2009, through October 19, 2009. The public hearing schedule for the Plan will be published in the Texas Register. Hearings on the 2010-2014 State of Texas Consolidated Plan will be held in Dallas, El Paso, Laredo, Houston, Austin and Lubbock. Public comment on the plan will also be taken at the December TDHCA Board Meeting in Austin. The notification process for the public hearings will include the following: a notice in the Texas Register, a TDHCA website posting and email to TDHCA email lists including approximately 3,000 cities, counties, and developers.

The draft plan will be available for public comment from September 18 to October 19. During this time, printed copies of the draft plan will be available from TDHCA for those requesting them and electronic copies will be available for download from TDHCA's website.

To provide the public with an opportunity to provide comment on the Department's policy and planning documents, the Department will consolidate the following planning documents' required hearings into six public hearings:

- *State of Texas Consolidated Plan*
- Housing Tax Credit Program *Qualified Allocation Plan*
- *Real Estate Analysis Rules*
- *Multifamily Housing Revenue Bond Rules*
- *Compliance Rules*
- Regional Allocation Formula
- Affordable Housing Needs Score

CRITERIA FOR AMENDMENT TO THE CONSOLIDATED PLAN

A change of over 30 percent in the funding of individual program categories contained in the Consolidated Plan (whether planned or actual activities) will be considered a substantial amendment.

OPPORTUNITY PROVIDED FOR COMMENT ON ANY PROPOSED SUBSTANTIAL AMENDMENTS

If a substantial amendment is needed, then reasonable notice will be given to citizens and units of general local government, and opportunity will be given to receive their comments for no less than 30 days after notice is given.

Disposition of Comments Received on Any Proposed Substantial Amendments

Any comments or views received, either in writing or orally, will be considered in the preparation of the substantial amendment to the Consolidated Plan. A summary of those comments or views and an indication of whether they were accepted or not (if not, the reasons for not doing so will be stated) shall be attached to the subsequent amendment to the Consolidated Plan.

PERFORMANCE REPORT

The 2010 Consolidated Plan Annual Performance Report will be prepared analyzing the results of the 2010-2014 Consolidated Plan.

ACCESS TO RECORDS

Information and records relating to the Consolidated Plan and the State's use of assistance under the programs covered by the Plan over the preceding five years are available in accordance with the Texas Open Records Act.

COMPLAINTS

The State will provide a timely, substantive written response to every written complaint received that conforms to TDHCA's Complaint System 10 TAC Sec. 1.2. Copies of this procedure are available upon request.

PUBLIC COMMENT ON THE 2010-2014 CONSOLIDATED PLAN

Public comment will be included in the final version of this document.

A. TDHCA Action Plan Hearings

Summary of Public Comment and Response will be included in the final version of this document.

B. TDRA CDBG Action Plan Hearings

July 13, 2009

Southeast Texas Regional Planning Commission (SETRPC)

2210 Eastex Freeway

Beaumont, TX 77703

6:00 PM

Summary of Public Comment and Response:

Lesley Waxman regarding State Review Committee – how will the appeals be handled now that there isn't a State Review Committee?

Response: Any appeals will be handled through a new appeals process recently added to the Texas CDBG section of the Texas Administrative Code.

July 13, 2009

South Plains Association of Governments (SPAG)

1323 58th Street

Lubbock, TX 79412

6:30 PM

Summary of Public Comment and Response:

No comments were received.

July 16, 2009

Stephen F. Austin Building

1700 North Congress Avenue, Room 220S

Austin, Texas 78701

4:00 PM

Webinar – held concurrently 7/16/2009

Summary of Public Comment and Response:

No comments were received.

July 20, 2009

Coastal Bend Council of Government (CBCOG)

2910 Leopard Street

Corpus Christi, 78408

10:30 AM

BOARD ACTION SUMMARY

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 3, 2009

Action Items

1. Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 50, concerning 2008 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 50, concerning 2010 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register*.

Required Action

Approve or approve with amendments the 2010 Draft Qualified Allocation Plan and Rules, to be published for public comment. Approve the proposed repeal of the 2008 Qualified Allocation Plan and Rules.

Background

Attached behind this Board Action Item is the 2010 Draft Qualified Allocation Plan and Rules ("Draft QAP") which reflects staff's recommendations for revisions to the 2009 QAP for the Board's consideration. The document is shown as a "blackline" of the 2009 QAP – additions are shown as underlined text and deletions are shown as marked through text. The Department historically maintains two years of actual rules in order to finish the current year under the existing rules while implementing the next year's rule early for next year's applicants. Thus the 2009 QAP will remain in effect but the proposed action will replace the 2008 QAP in its entirety.

The 2010 Draft QAP being recommended by staff further addresses compliance with all statutory requirements, incorporates some initial public input, and includes policy recommendations and administrative changes to improve the Housing Tax Credit Program.

Summary of Significant Recommendations from Staff

This section outlines some of the most significant recommendations being made by staff. Other revisions, details of revisions, formatting adjustments, and streamlining are not summarized, but are reflected in the attached Draft QAP. Citation references are to the numbered sections of the 2010 Draft QAP.

1. **§50.3(2) – Administrative Deficiencies (Pages 3 of 80).** As referenced in §§50.5, 50.6, 50.8 and 50.9, is defined as information requested by the Department that is required to clarify or correct inconsistencies in an Application. An Administrative Deficiency is a deficiency or inconsistency, that in the Department's reasonable judgement, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.

2. **§50.3(65) – Material Deficiency (Page 8 of 80).** As referenced in §§50.5, 50.6, 50.8 and 50.9, is defined as any individual Administrative Deficiency or group of Administrative Deficiencies which, if addressed, would require, in the Department's reasonable judgement, a substantial reassessment or re-evaluation of the Application or which, are so numerous and pervasive that they indicate a failure by the Applicant to submit a substantively complete and accurate Application.

3. **§50.3(107) – Urban Core (Page 12 of 80).** As referenced in §§50.9 is defined as a compact and contiguous geographical area that is located in a Metropolitan Statistical Area within the city limits of a city with a population of no less than 250,000 composed of adjacent block groups in which at least 90% of the land not in public ownership is zoned to accommodate a mix of medium or high density residential and commercial uses and at least 50% of such land is actually being used for such purposes based on high density residential structures and/or commercial structures already in place.

4. **§50.6(d) – Credit Amount (Page 17 of 80).** This section is revised to allow the Department to prorate the credit amount by the percentage of the ownership or developer fee, whichever is greater, to Applicants that have inexperienced developers partnered with experienced developers.

5. **§50.6(h)(4)(A) – Limitations on Developments Proposing to Qualify for a 30% Increase in Eligible Basis (Page 19 of 80).** This section eliminates the restriction on Rural Developments to qualify for the 30% increase and allows Any Rural Development to qualify.

6. **§50.9(g) – Experience Pre- Certification Procedures. (Page 30 of 80).** This section is revised to require the experience in the development team to be a Principal and not an entity in the development team. It also increases the number of units required to qualify for the certification.

7. **§50.9(i)(2)(A) – Quantifiable Community Participation (Page 45 of 80**). This section is revised to clarify how the organization was formed and what is the current membership.

8. **§50.9(i)(30) – Bonus Points (Page 59 of 80).** This section is added to encourage Applicants be thorough and complete in the submission of the Application. An Applicant may receive bonus points for having minimal deficiencies during the Eligibility, Selection and Threshold reviews.

   Two or fewer deficiencies for Eligibility (1 point);
   Five or fewer deficiencies for Selection (2 points); and/or
   Ten or fewer deficiencies for Threshold (3 points).

9. **§50.14(b) – 10% Test; Commencement of Substantial Construction (Page 67 of 80).** This section is revised to change the 10% Test date back to six months instead of eleven months.

Recommendation

Staff recommends that the Board repeal the 2008 Qualified Allocation Plan and Rules and approve the Draft 2010 Qualified Allocation Plan and Rules for publication to receive public comment.

Scoring Breakdown in Descending Order of Points for the Draft 2010 QAP

QAP Para. #	Topic	Total Points	Notes	Legislative Citation - Compare to QAP
1	Financial Feasibility	28	N/A	2306.6710(b)(1)(A)
2	QCP from Neighborhood Organizations	24 Max	Range of +24 to 0	2306.6710(b)(1)(B); 2306.6725(a)(2)
3	Income Levels of the Tenants	22 Max	Range 22 to14	2306.6710(b)(1)(C) and (e); 2306.111(g)(3)(B) and (E); 42(m)(1)(B)(ii)(I)
4	Size and Quality of the Units	20 Max	Range	2306.6710(b)(1)(D); 42(m)(1)(C)(iii)
5	Commitment of Funds by LPS	18 Max	Range 18 to 6	2306.6710(b)(1)(E)
6	State Rep. or Senator Support/Opposition	14 Max	Range of +14 to -14	2306.6710(b)(1)(F); 2306.6725(a)(2)
7	Rent Levels of the Units	12 Max	Range 12 to 6	2306.6710(b)(1)(G)
8	Cost Per Square Foot	10	N/A	2306.6710(b)(1)(H); 42(m)(1)(C)(iii)
9	Services Provided to Tenants	8 Max	Range 8 to 1	2306.6710(b)(1)(I); Rider 7; 2306.6710(b)(1)(I); 2306.6725(a)(1)
10	Declared Disaster Areas	7	N/A	2306.6710(b)(1)(J)
11	Rehabilitation, Reconstruction or Adaptive Reuse	6	N/A	N/A
12	Housing Needs	6	N/A	42(m)(1)(C)(ii)
13	Revitalization and Historic Preservation	6	N/A	42(m)(1)(C)(iii); H.R 3221
14	Pre-Application	6	N/A	2306.6704
15	Economic Development Initiatives	4	N/A	2306.127
16	Development Location	4	N/A	2306.6725(a)(4) and (b)(2); 2306.127; Rider 6 42(m)(1)(C)(i) and (vii)
17	Green Building Initiatives	6 Max	Range 6 to 1	2306.6725(b)(1); 42(m)(1)(C)(i)
18	Community Support Other Than QCP	6 Max	Range 6 to 0	N/A
19	Census Tracts with No Other Existing Developments Supported by Tax Credits	6	N/A	2306.6725(b)(2)
20	Special Housing Needs Populations	4	N/A	42(m)(1)(C)(v)
21	Length of Affordability	4 Max	Range 2 to 4	2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)
22	Site Characteristics	4	Up to 4 points for positive amenities and -6 points for negative features.	N/A
23	Development Size	3	N/A	N/A
24	Location in QCT with Revitalization	1	N/A	42(m)(1)(B)(ii)(III)
25	Sponsor Characteristics	2	N/A	42(m)(1)(C)(iv)
26	Right of First Refusal	1	N/A	2306.6725(b); 42(m)(1)(C)(viii)
27	Leveraging of Private, State and Federal Funds	1	N/A	2306.6725(a)(3)
28	Third Party Commit. Outside of QCT	1	N/A	2306.6710(e)(1)
29	Penalties	N/A	Range	2306.6710(b)(2)
30	Bonus Points	6 Max	Range 0 to 6	N/A
Maximum Number of Points Possible:		240		

Multifamily Finance Production Division

2010~~9~~ Housing Tax Credit Program

Qualified Allocation Plan and Rules

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

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

(b) Program Statement. The Department shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the Rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities. (§2306.6701)

(c) Allocation Goals. It ~~shall be~~ is the ~~goal~~ policy of this Department and the Board, as expressed through these provisions, to encourage diversity through broad geographic allocation of tax credits within the state, and in accordance with the regional allocation formula; to promote maximum utilization of the available tax credit amount; and to allocate credits among as many different entities as practicable without diminishing the quality of the housing that is being built. The processes and criteria utilized to ~~realize this goal~~ implement this policy are described in §§~~49.~~50.7, ~~49.~~50.8 and ~~49.~~50.9 of this chapter, without in any way limiting the effect or applicability of all other provisions of this title. (General Appropriation Act, Article VII, Rider 8(e))

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

To ensure maximum utilization and optimum geographic distribution of tax credits in rural areas, and to provide for sharing of information, efficient procedures, and fulfillment of Development requirements in rural areas, the Department will coordinate on existing, Rehabilitation, and New Construction housing Developments financed by TRDO-USDA; and will administer the Rural Regional Allocation with the Texas ~~Office of Rural Community Affairs (ORCA)~~Department of Rural Affairs (TDRA), formerly known as the Office of Rural and Community Affairs. Through participation in hearings and meetings, ~~ORCA~~ TDRA will assist in developing all Threshold, Selection and Underwriting Criteria applied to Applications eligible for the Rural Regional Allocation. The Criteria will be approved by that Agency. To ensure that the Rural Regional Allocation receives a sufficient volume of eligible Applications, the Department and ~~ORCA~~ TDRA shall ~~jointly~~ coordinate the implementation outreach, training, and rural area capacity building efforts. (§2306.6723)

§~~49.~~50.3. Definitions.

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

(1) **Adaptive Reuse--**The renovation or rehabilitation of an existing non-residential building or structure (e.g., school, warehouse, office, hospital, etc.), including physical alterations that modify the building's previous or original intended use. If any Units are built outside the original building footprint or foundation, the Development will be considered New Construction and not Adaptive Reuse. A clubhouse or non-residential building may be outside the original footprint or foundation and still be considered Adaptive Reuse. The number of floors or stories may be increased in a building as long as the total number of Units for the Development does not exceed 80 Units in a Rural Area or 252 Units in an Urban Area.

(2) **Administrative Deficiencies--**~~The absence of information or inconsistent information in the Application as is required under §§49.50.5, 49.50.6, 49.50.8 and 49.50.9 of this chapter that can be corrected by an additional submission to the Department, unless determined by the Department as unable to be corrected.~~As referenced in §§50.5, 50.6, 50.8 and 50.9, is defined as information requested by the Department that is required to clarify or correct inconsistencies in an Application. An Administrative Deficiency is a deficiency or inconsistency, in the Department's reasonable judgement, that may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.

(3) **Affiliate--**An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest unless the entity is an experienced Developer as described in §~~49.~~50.9(h)(9)(D) of this chapter.

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

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

(6) **Applicable Percentage--**The percentage used to determine the amount of the Housing Tax Credit for any Development (New Construction, Reconstruction, and/or Rehabilitation), as defined more fully in the Code, §42(b).

(A) For purposes of the Application, the Applicable Percentage will be projected at:

(i) the greater of 9% or the current applicable percentage for 70% present value credits for new buildings, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department; or

(ii) 15 basis points over the current applicable percentage for 30% present value credits associated with acquisition and with qualified Tax-Exempt Bond Developments, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department.

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

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

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

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

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

(8) **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)

(9) **Application Acceptance Period--**That period of time during which Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department, ~~December 8, 2008~~December 7, 2009 through ~~February 27, 2009~~March 1, 2010, as more fully described in §§~~49.~~50.8 - ~~49.~~50.12 of this chapter. For Tax-Exempt Bond Developments this period is the date the Volumes 1 and 2 are submitted or the date the reservation is issued by the Texas Bond Review Board, whichever is earlier.

(10) **Application Round--**The period beginning on the date the Department begins accepting Applications and continuing until all available Housing Tax Credits are allocated, but not extending past the last day of the calendar year. (§2306.6702). For purposes of this section, this definition applies to Housing Tax Credits allocated with the State Housing Credit Ceiling.

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

(12) **Area--**

(A) The geographic area contained within the boundaries of:

(i) An incorporated place; or

(ii) Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.

(B) For Developments located outside the boundaries of an incorporated place or CDP, the Development shall take up the Area characteristics of the incorporated place or CDP whose boundary is nearest to the Development site.

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

(14) **At-Risk Development--**A Development that: (§2306.6702)

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

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

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

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

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

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

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

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

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

(B) Is subject to the following conditions:

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

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

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

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

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

(15) **Bedroom--**A portion of a Unit which is no less than 100 square feet; has no width or length less than 8 feet; is self contained with a door (or the unit is a "loft" design with an open sleeping area of 100 square feet or more); has at least one window that provides exterior access; and has at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to accommodate 5 feet of hanging space. A den, study or other similar space that could reasonably function as a bedroom and meets this definition is considered a bedroom.

(16) **Board--**The governing Board of the Department. (§2306.004)

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

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

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

(20) **Code--**The Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official

pronouncements issued thereunder by the United States Department of the Treasury or the Internal Revenue Service.

(21) **Colonia--**A geographic Area that is located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that (§2306.581):

(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.

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

(23) **Community Revitalization Plan--**A published document under any name, approved and adopted by the local Governing Body by ordinance, resolution, or vote that targets specific geographic areas for revitalization and development of residential developments.

(24) **Competitive Housing Tax Credits--**Tax credits available from the State Housing Credit Ceiling.

(25) **Compliance Period--**With respect to a building, the period of fifteen (15) taxable years, beginning with the first taxable year of the Credit Period pursuant to the Code, §42(i)(1).

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

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

(28) **Credit Period--**With respect to a building within a Development, the period of ten (10) taxable years beginning with the taxable year the building is placed in service or, at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code, §42(f)(1).

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

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

(31) **Developer--**Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services (which fee cannot exceed the limits identified in §~~49.~~50.9(d)(6)(B) of this chapter) and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(32) **Development--**A proposed qualified and/or approved low-income housing project, as defined by the Code, §42(g), for Adaptive Reuse, New Construction, reconstruction, or Rehabilitation, that consists of one or more buildings containing multiple Units, and that, if the Development shall consist of multiple buildings, is financed under a common plan and is owned by the same Person for federal tax purposes, and the buildings of which are either:

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

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

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

(34) **Development Funding--**

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(i) provides an economic benefit; and

(ii) results in a quantifiable cost reduction for the applicable Development. (§2306.004(4-a))

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

(36) **Development Site--**The area, or if scattered site areas, for which the Development is proposed to be located and which is to be under the Applicant's control pursuant to §~~49.~~50.9(h)(7)(A) of this chapter.

(37) **Development Team--**All Persons or Affiliates thereof that play a role in the Development, construction, Rehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(38) **Disaster Area--**An area that has been declared as a disaster pursuant to §418.014 of the Texas Government Code.

(39) **Economically Distressed Area--**Consistent with §17.921 of the Texas Water Code, an Area in which:

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

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

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

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

(41) **Executive Award and Review Advisory Committee ("The Committee")--**A Departmental committee as set forth in Chapter 2306 of the Texas Government Code. (§2306.1112)

(42) **Existing Residential Development--**Any Development Site which contains four (4) or more existing residential Units at the time the Volume I is submitted to the Department.

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

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

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

(46) **Governing Body--**~~An elected city, county or tribal entity that is~~ The elected body of public officials, responsible for the~~ creation~~ enactment, implementation and~~/or~~ enforcement of local rules and the implementation and enforcement of applicable laws for its respective jurisdiction.~~.~~

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

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

(49) **Grant--**Financial assistance that is awarded in the form of money to a housing sponsor or Development for a specific purpose and that is not required to be repaid. A Grant includes a forgivable loan. (§2306.004)

(50) **Guarantor--**Any Person that provides, or is anticipated to provide, a guaranty for the equity or debt financing for the Development.

(51) **High Opportunity Area--**an area that includes:

(A) existing major bus transfer centers and/or regional or local commuter rail transportation stations that are accessible to all residents including Persons with Disabilities; or

(B) a census tract which has an AMGI that is higher than the AMGI of the county or place in which the census tract is located; or

(C) a school attendance zone that has an academic rating of "Exemplary" or "Recognized" rating (as determined by the Texas Education Agency) as of the first day of the Application Submission Acceptance Period; or

(D) a census tract that has no greater than 10% poverty population according to the most recent census data (these census tracts are designated in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report).

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

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

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

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

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

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

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

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

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

(C) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments with any Units having more than two bedrooms with the exception of up to three employee Units reserved for the use of the manager, maintenance, and/or security officer. These employee Units must be specifically designated as such~~.~~;

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

(E) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments proposing more than 70% two-bedroom Units~~.~~;

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

(G) Any Development located in an Urban Area involving any New Construction of additional Units (other than a Qualified Elderly Development, a Development composed entirely of single family dwellings, and certain specific types of transitional housing for the homeless and Single Room Occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) in which any of the designs in clauses (i) - (iv) of this subparagraph are proposed. For Applications involving a combination of single family detached dwellings and multifamily dwellings, the percentages in this subparagraph do not apply to the single family detached dwellings, but they do apply to the multifamly dwellings. For Intergenerational Housing Applications, the percentages in this subparagraph do not apply to buildings that are restricted by the age requirements of a Qualified Elderly Development, but they do apply to the other multifamily buildings. An Application may reflect a total of Units for a given bedroom size greater than the percentages in clauses (i) - (iv) of this subparagraph to the extent that the increase is only to reach the next highest number divisible by four~~.~~;

(i) More than 30% of the total Units are one bedroom Units; or

(ii) More than 55% of the total Units are two bedroom Units; or

(iii) More than 40% of the total Units are three bedroom Units; or

(iv) More than 5% of the total Units in the Development with four or more bedrooms.

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

(I) Any Development that contains residential Units that violates the general public use requirement under Treasury Regulation §1.42-9.

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

(A) Have separate and specific buildings exclusively for the age restricted Units;

(B) Have specific leasing offices and leasing personnel for the age restricted Units;

(C) Have separate and specific entrances, and other appropriate security measures for the age restricted Units;

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

(E) Share the same Development Site;

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

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

(60**) IRS--**The Internal Revenue Service, or its successor.

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

(62) **Local Political Subdivision--**A county or municipality (city or tribal reservation) in Texas. For purposes of §~~49.~~50.9(i)(5) of this chapter, a local political subdivision may act through a Government Instrumentality such as a housing authority, housing finance corporation, or municipal utility even if the Government Instrumentality's creating statute states that the entity is not itself a "political subdivision."

(63) **Low-Income Unit--**sometimes referred to as a tax credit Unit, that is a Unit that is income and rent restricted at no greater than 60% of AMGI and is included in the Applicable Fraction for the Housing Tax Credit program.

(64) **Managing General Partner--**A general partner of a partnership that is vested with the authority to take actions that are binding on behalf of the partnership and the other partners.

(65) **Material Deficiency--**As referenced in §§50.5, 50.6, 50.8 and 50.9, is defined as any individual Administrative Deficiency or group of Administrative Deficiencies which, if addressed, would require, in the Department's reasonable judgement, a substantial reassessment or re-evaluation of the Application or which, are so numerous and pervasive that they indicate a failure by the Applicant to submit a substantively complete and accurate Application. (§2306.6708)

(~~64~~66) **Material Noncompliance--**As defined in Chapter 60, Subchapter A of this title.

(~~65~~67) **Minority Owned Business--**A business entity at least 51% of which is owned by members of a minority group or, in the case of a corporation, at least 51% of the shares of which are owned by members of a minority group, and that is managed and Controlled by members of a minority group in its daily operations. Minority group includes women, African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin. (§2306.6734)

(~~66~~68) **Neighborhood Organization--**An organization that is composed of persons living near one another within the organization's defined boundaries for the neighborhood and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. A neighborhood organization includes a homeowners' association or a property owners' association. (§2306.001(23-a))

(~~67~~69**) Net Rentable Area (NRA)--**The unit space that is available exclusively to the tenant and is typically heated and cooled by a mechanical HVAC system. NRA is measured to the outside of the studs of a unit or to the middle of walls in common with other units. NRA does not include common hallways, stairwells, elevator shafts, janitor closets, electrical closets, balconies, porches, patios, or other areas not actually available to the tenants for their furnishings, nor does NRA include the enclosing walls of such areas.

(~~68~~70**) New Construction--**Any construction of a Development or a portion of a Development that does not meet the definition of Rehabilitation (which includes Reconstruction).

~~(69) **ORCA--**Office of Rural Community Affairs, as established by Chapter 487 of the Texas Government Code.~~

(~~70~~71) **Person--**Without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(~~71~~72) **Persons with Disabilities--**A person who:

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

(i) Is expected to be of a long, continued and indefinite duration;

(ii) Substantially impedes his or her ability to live independently; and

(iii) Is of such a nature that the disability could be improved by more suitable housing conditions;

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

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

(~~72~~73) **Persons with Special Needs--**Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

(~~73~~74) **Pre-Application--**A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of ~~the~~a Competitve Housing Tax Credit Application, for an allocation from the State Housing Credit Ceiling, including any required exhibits or other supporting material, as more fully described in this chapter. (§2306.6704)

(~~74~~75) **Pre-Application Acceptance Period--**That period of time during which Competitive Housing Tax Credit Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department.

(~~75~~76) **Principal--**The term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a 10% or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a 10% or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(~~76~~77) **Property--**The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(~~77~~78) **Qualified Allocation Plan (QAP)--**This Plan as adopted.

(~~78~~79) **Qualified Basis--**With respect to a building within a Development, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of the Code, §42(c)(1).

(~~79~~80) **Qualified Census Tract--**Any census tract which is so designated by the Secretary of HUD in accordance with the Code, §42(d)(5)(C)(ii).

(~~80~~81) **Qualified Elderly Development--**A Development which meets the requirements of the federal Fair Housing Act and:

(A) Is intended for, and solely occupied by, individuals sixty-two (62) years of age or older; or

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

(~~81~~82) **Qualified Market Analyst--**A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(~~82~~83) **Qualified Nonprofit Organization--**An organization that is described in the Code, §501(c)(3) or (4), as these cited provisions may be amended from time to time, that is exempt from federal income taxation under the Code, §501(a), that is not affiliated with or Controlled by a for profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of the Code, §42(h)(5)(C). A Qualified Nonprofit Organization may select to compete in one or more of the Set-Asides, including, but not limited to, the nonprofit Set-Aside, the At-Risk Development Set-Aside and the TRDO-USDA Allocation. (§2306.6729)

(~~83~~84) **Qualified Nonprofit Development--**A Development in which a Qualified Nonprofit Organization (directly or through a partnership or wholly-owned subsidiary):

(A) Holds a controlling interest in the Development proposed to be financed from the nonprofit allocation pool (§2306.6729); and

(B) Owns an interest in the Development and materially participates (within the meaning of the Code, §469(h), as it may be amended from time to time) in its development and operation throughout the Compliance Period, and otherwise meets the requirements of the Code, §42(h)(5). (§2306.6729)

(~~84~~85) **Reference Manual--**That certain manual, and any amendments thereto, produced by the Department which sets forth reference material pertaining to the Housing Tax Credit Program.

(~~85~~86) **Rehabilitation--**The improvement or modification of an Existing Residential Development through alteration, incidental addition or enhancement. The term includes the demolition of an Existing Residential Development and the reconstruction of a Development on the Development Site, but does not include Adaptive Reuse. Rehabilitation includes repairs necessary to correct the results of deferred maintenance, the replacement of principal fixtures and components, improvements to increase the efficient use of energy, and installation of security devices. Reconstruction, for these purposes, includes the demolition of one or more residential buildings in an Existing Residential Development and the re-construction of the Units on the Development Site. Developments proposing Adaptive Reuse or proposing to increase the total number of Units in the Existing Residential Development are not considered Rehabilitation or reconstruction.

(~~86~~87) **Related Party--**As defined, (§2306.6702)

(A) The following individuals or entities:

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

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

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

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

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

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

(iv) A grantor and fiduciary of any trust;

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

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

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

(I) The trust; or

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

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

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

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

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

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

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

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

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

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

(~~87~~88) **Residential Rental Development--**For purposes of this definition, Residential Rental Development does not include: hotels, motels dormitories, fraternity or sorority houses, rooming houses, hospitals, nursing homes, sanitariums, rest homes, trailer parks and courts for use on a transient basis. Residential Rental Development means:

(A) A property that meets specific requirements including occupancy of Low-Income Tenants during the affordability period when Units must be continually rented or available for rent;

(B) A building or structure, together with functionally related and subordinate facilities, containing one or more Units that are available to members of the general public; and

(C) A property that does not provide continual or frequent nursing, medical or psychiatric services.

(~~88~~89) **Rules--**The Department's Housing Tax Credit Program Qualified Allocation Plan and Rules as presented in this chapter.

(~~89~~90) **Rural Area--**An Area that is located (this definition is not the same as Rural Projects as defined in §520 of the Housing Act of 1949 for purposes of determining rural income as described in H.R 3221):

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

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an Urban Area; or

(C) In an Area that is eligible for funding by Texas Rural Development Office or the United States Department of Agriculture (TRDO-USDA), other than an Area that is located in a municipality with a population of more than 50,000. (§2306.004)

(~~90~~91) **Rural Development--**A Development or proposed Development that is located in a Rural Area, other than rural New Construction Developments with more than 80 Units.

(~~91~~92) **Selection Criteria--**Criteria used to determine housing priorities of the State under the Housing Tax Credit Program as specifically defined in §~~49.~~50.9(i) of this chapter.

(~~92~~93) **Set-Aside--**A reservation of a portion of the available Housing Tax Credits under the State Housing Credit Ceiling to provide financial support for specific types of housing or geographic locations or serve specific types of Applications or Applicants as permitted by the Qualified Allocation Plan on a priority basis. (§2306.6702)

(~~93~~94) **Single Room Occupancy (SRO)--**A single efficiency unit that contains sanitary facilities but may or may not include food preparation facilities and is intended for occupancy by one person.

(~~94~~95) **Special Management Districts--**Those districts named under Chapters 3801 to 3853, Texas Special District Local Laws Code, Subtitle C.

(~~95~~96) **State Housing Credit Ceiling--**The limitation on the aggregate amount of Housing Credit Allocations that may be made by the Department during any calendar year, as determined from time to time by the Department in accordance with the Code, §42(h)(3)(C) and/or additional ceiling provided by The Housing and Economic Recovery Act of 2008, H.R 3221.

(~~96~~97) **Student Eligibility--**Per the Code, §42(i)(3)(D), A Unit shall not fail to be treated as a low-income Unit merely because it is occupied:

(A) By an individual who is:

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

(ii) Enrolled in a job training program receiving assistance under the Job Training Partnership Act (29 U.S.C.S. §§1501 et seq., generally; for full classification, consult U.S.C.S. Tables volumes) or under other similar federal, state, or local laws; or

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

(i) Single parents and their children and such parents and children are not dependents (as defined by the Code §152) of another individual; or

(ii) Married and file a joint return.

(~~97~~98) **Supportive Housing--**Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services.

(~~98~~99) **Tax-Exempt Bond Development--**A Development requesting or having been awarded Housing Tax Credits and which receives a portion of its financing from the proceeds of tax-exempt bonds which are subject to the state volume cap as described in the Code, §42(h)(4), such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(100) **Texas Department of Rural Affairs (TDRA)--**as established by Chapter 487 of the Texas Government Code.

(~~99~~101) **Third Party--**A Third Party is a Person who is not:

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

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

(C) Receiving any portion of the fees from the Development.

(~~100~~102) **Threshold Criteria--**Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §~~49.~~50.9(h) of this chapter. (§2306.6702)

(~~101~~103) **Total Housing Development Cost--**The total of all costs incurred or to be incurred by the Development Owner in acquiring, constructing, rehabilitating and financing a Development, as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas. Costs associated with the sale or use of Housing Tax Credits to raise equity capital shall also be included in the Total Housing Development Cost. Such costs include but are not limited to syndication and partnership organization costs and fees, filing fees, broker commissions, related attorney and accounting fees, appraisal, engineering, and the environmental site assessment.

(~~102~~104) **TRDO-USDA--**Texas Rural Development Office (TRDO) of the United States Department of Agriculture (USDA) serving the State of Texas (also known as USDA Rural Development and formerly known as TxFmHA) or its successor.

(~~103~~105) **Unit--**Any residential rental unit consisting of an accommodation including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking (such as a microwave), and sanitation. (§2306.6702)

(~~104~~106) **Urban Area--**The Area that is located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area other than an Area described in paragraph (89)(B) of this section or eligible for funding as described in paragraph (89)(C) of this section.

(~~105~~107) **Urban Core--**A compact and contiguous geographical area that is located in a Metropolitan Statistical Area within the city limits of a city with a population of no less than 250,000 composed of adjacent block groups in which at least 90% of the land not in public ownership is zoned to accommodate a mix of medium or high density residential and commercial uses ~~within the same zoning district~~ and at least 50% of such land is actually being used for such purposes based on high density residential structures and/or commercial structures already constructed.

§~~49.~~50.4. State Housing Credit Ceiling.

The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service and/or The Housing and Economic Recovery Act of 2008, H.R. 3221 and H.R. 1424. The Department shall publish each such determination in the *Texas Register* within thirty (30) days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. As permitted by the Code, §42(h)(4), Housing Credit Allocations made to Tax-Exempt Bond Developments are not included in the State Housing Credit Ceiling.

§~~49.~~50.5. Ineligibility; Disqualification and Debarment; Certain Applicant and Development Standards; Representation by Former Board Member or Other Person; Due Diligence, Sworn Affidavit; Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment

(a) Ineligibility. An Application is ineligible if:

(1) The Applicant, Development Owner, Developer or Guarantor has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or (§2306.6721(c)(2))

(2) The Applicant, Development Owner, Developer or Guarantor has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen (15) years preceding the Application deadline; or

(3) The Applicant, Development Owner, Developer or Guarantor at the time of Application is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity; or

(4) The Applicant, Development Owner, Developer or Guarantor with any past due audits has not submitted those past due audits to the Department in a satisfactory format. A Person is not eligible to receive a commitment of Housing Tax Credits from the Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than thirty (30) days after Volume III of the Application is submitted; or (§2306.6703(a)(1))

(5) At the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:

(A) A member of the Board; or

(B) The Executive Director, a Deputy Executive Director, the Director of Multifamily Finance Production, the Director of Portfolio Management and Compliance, the Director of Real Estate Analysis, or a manager over Housing Tax Credits employed by the Department; (§2306.6703(a)(2))

(6) The Applicant proposes to replace in less than fifteen (15) years any private activity bond financing of the Development described by the Application, unless:

(A) The Applicant proposes to maintain for a period of thirty (30) years or more 100% of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50% of the Area Median Gross Income, adjusted for family size; and

(B) At least one-third of all the units in the Development are public housing units or Section 8 Development-based units; or

(C) The applicable private activity bonds will be redeemed only in an amount consistent with their proportionate amortization; or

(D) If the redemption of the applicable private activity bonds will occur in the first five years of the operation of the development and complies with Section 429h)(4), Internal Revenue Code of 1986:

(i) on the date the certificate of reservation is issued, the Bonds Review Bond determines that there is not a waiting list for private activity bonds in the same priority level established under §1372.0321 or, if applicable, in the same uniform state service region, as referenced in §1372.0231, that is served by the proposed development; and

(ii) the applicable private activity bonds will be redeemed according to underwriting, if any, established by the Department. (2306.6703)

(7) The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (§2306.6703(a)(4))

(A) Has obtained prior approval of the Development from the Governing Body of the appropriate municipality or county containing the Development; and

(B) Has included in the Application a written statement of support from that Governing Body. This statement must reference this rule and authorize an allocation of Housing Tax Credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, ~~2009~~2010 (or for Tax-Exempt Bond Developments no later than fourteen (14) days before the Board meeting where the credits will be considered) and may not be more than one year old from the date the Volume 1 is submitted to the Department; or

(8) The Applicant proposes to construct a new Development proposing New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) that is located one linear mile (measured by a straight line on a map) or less from a Development that: (§2306.6703(a)(3))

(A) Serves the same type of household as the new Development, regardless of whether the Development serves families, elderly individuals, or another type of household (Intergenerational Housing is not a type of household as it relates to this restriction); and

(B) Has received an allocation of Housing Tax Credits (including Tax-Exempt Bond Developments) for any New Construction at any time during the three-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(C) Has not been withdrawn or terminated from the Housing Tax Credit Program;

(D) An Application is not ineligible under this paragraph if:

(i) The Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. §§5301 et seq.); or

(ii) The Development is located in a county with a population of less than one million; or

(iii) The Development is located outside of a metropolitan statistical area; or

(iv) The Governing Body, of the Local Political Subdivision where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under subparagraphs (A) - (C) of this paragraph. For purposes of this clause, evidence of the Governing Body vote or evidence required by this subparagraph must be received by the Department no later than April 1, ~~2009~~2010 (or for Tax-Exempt Bond Developments no later than fourteen (14) days before the Board meeting where the credits will be committed) and may not be more than one year old.

(E) In determining when an existing Development received an allocation as it relates to the application of the three-year period, the Development will be considered from the date the Board took action on approving the allocation of tax credits. In dealing with ties between two or more Developments as it relates to this rule, refer to §~~49.~~50.9(j) of this chapter.

(9) A Development is proposed to be located adjacent to or within 300 feet of a sexually-oriented business. For purposes of this paragraph, a sexually-oriented business shall be defined as stated in §243.002 of the Texas Government Code.

(10) ~~A submitted~~The Application is submitted after the Application submission deadline (time or date); includes an electronic ~~disc~~submission that is unreadable by the Department's computer system; has an entire Volume of the Application missing; ~~has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department~~or ~~qualifies~~has a Material Deficiency as defined under §50.3(65) of this chapter. If an Application is determined ineligible pursuant to this subsection, the Application will be terminated without ~~being processed as an Administrative Deficiency~~further consideration and the Applicant will be notified of such termination. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the termination letter to the Applicant.

(11) An Applicant has requested more than $2 million in annual competitive housing tax credits.

(b) **Disqualification and Debarment**. The Department will disqualify an Application, and/or debar a Person, if it is determined by the Department that any issues identified in the paragraphs of this subsection exist. The Department may debar a Person for one year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer, if the Department determines the facts warrant it. Causes for disqualification and debarment include: (§2306.6721)

(1) The provision of fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or

(2) The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entities that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document

containing an Extended Housing Commitment) or the program rules in effect for such property as further described in Chapter 60 of this title~~ on May 13, 20092010 for Competitive Housing Tax Credit Applications or for Tax-Exempt Bond Development Applications or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than thirty (30) days after Volume III of the Application is submitted~~ (§2306.6721(c)(3)); or

(3) The Applicant, Development Owner, Developer, or any Guarantor, anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor, or any Affiliate of such entity that is active in the ownership or Control has been a Principal of any entity that failed to make all loan payments to the Department in accordance with the terms of the loan, as amended, or was otherwise in default with any provisions of any loans from the Department; or

(4) The Applicant or the Development Owner that is active in the ownership or Control of one or more tax credit properties in the state of Texas has failed to pay in full any fees or penalties within thirty (30) days of when they were billed by the Department, as further described in §~~49.~~50.20 of this chapter; or

(5) An Applicant or a Related Party and any Person who is active in the construction, Rehabilitation, ownership, or Control of the proposed Development, including a General Partner or contractor, and a Principal or Affiliate of a General Partner or contractor, or an individual employed as a consultant, lobbyist or attorney by an Applicant or a Related Party, communicates with any Board member during the period of time beginning on the date Applications are filed in an Application Round and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, unless the communication takes place at any board meeting or public hearing held with respect to that Application but not during a recess or other non-record portion of the meeting or hearing. Communication with Department staff must be in accordance with §~~49.~~50.9(b) of this chapter; violation of the communication restrictions of §~~49.~~50.9(b) of this chapter is also a basis for disqualification and/or debarment; (§2306.1113)

(6) It is determined by the Department's General Counsel that there is evidence that establishes probable cause to believe that an Applicant, Development Owner, Developer, or any of their employees or agents has violated a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733, Texas Government Code, or a section of Chapter 572, Texas Government Code, in making, advancing, or supporting the Application;

(7) Applicants may be ineligible as further described in §~~49.~~50.5 of this chapter;

(8) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose previous funding contracts or commitments have been partially or fully deobligated during the twelve (12) months prior to the submission of the Application and through the date of final allocation due to a failure to meet contractual obligations~~ during the twelve (12) months prior to the submission of the applications~~;

(9) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose pre-development award of non-tax credit funds from the Department has not been repaid for the Development at the time of Carryover Allocation or Bond closing.

(c) **Certain Applicant and Development Standards**. Notwithstanding any other provision of this chapter, the Department may not allocate tax credits to a Development proposed by an Applicant if the Department determines that: (§2306.223)

(1) The Development is not necessary to provide needed decent, safe, and sanitary housing at rental prices that individuals or families of low and very low-income or families of moderate income can afford;

(2) The Development Owner undertaking the proposed Development will not supply well-planned and well-designed housing for individuals or families of low and very low-income or families of moderate income;

(3) The Development Owner is not financially responsible;

(4) The Development Owner has contracted, or will contract for the proposed Development with, a Developer that:

(A) Is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development;

(B) Has breached a contract with a public agency and failed to cure that breach; or

(C) Misrepresented to a subcontractor the extent to which the Developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Developer's participation in contracts with the agency and the amount of financial assistance awarded to the Developer by the agency;

(5) The financing of the housing Development is not a public purpose and will not provide a public benefit; and/or

(6) The Development will be undertaken outside the authority granted by this chapter to the Department and the Development Owner.

(d) **Representation by Former Board Member or Other Person**. (§2306.6733)

(1) A former Board member or a former executive director, deputy executive director, director of multifamily finance production, director of portfolio management and compliance, director of real estate analysis or manager over Housing Tax Credits previously employed by the Department may not:

(A) For compensation, represent an Applicant or one of its Related Parties for an allocation of tax credits before the second anniversary of the date that the Board member's, director's, or manager's service in office or employment with the Department ceased; or

(B) Represent any Applicant or a Related Party of an Applicant or receive compensation for services rendered on behalf of any Applicant or Related Party regarding the consideration of an Application in which the former board member, director, or manager participated during the period of service in office or employment with the Department, either through personal involvement or because the matter was within the scope of the board member's, director's, or manager's official responsibility; or for compensation, communicate directly with a member of the legislative branch to influence legislation on behalf of an Applicant or Related Party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the Department ceased.

(2) A Person commits a criminal offense if the Person violates §2306.6733. An offense under this section is a Class A misdemeanor.

(e) **Due Diligence, Sworn Affidavit**. In exercising due diligence in considering information of possible ineligibility, possible grounds for disqualification and debarment, Applicant and Development standards, possible improper representation or compensation, or similar matters, the Department may request a sworn affidavit or affidavits from the Applicant, Development Owner, Developer, Guarantor, or other Persons addressing the matter. If an affidavit determined to be sufficient by the Department is not received by the Department within seven (7) business days of the date of the request by the Department, the Department may terminate the Application.

(f) **Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment**. An Applicant or Person found ineligible, disqualified, debarred or otherwise terminated under subsections (a) - (e) of this section will be notified in accordance with the Administrative Deficiency process described in §~~49.~~50.9(d)(4) of this chapter. They may also utilize the appeals process described in §~~49.~~50.17(b) of this chapter. (§2306.6721(d))

§~~49.~~50.6. Site and Development Restrictions: Floodplain; Ineligible Building Types; Scattered Site Limitations; Credit Amount; Limitations on the Size of Developments; Limitations on Rehabilitation Costs; Unacceptable Sites; Appeals and Administrative Deficiencies for Site and Development Restrictions.

(a) **Floodplain**. Any Development proposing New Construction or Reconstruction and located within the one-hundred (100) year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the one-hundred (100) year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation or Adaptive Reuse, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the one-hundred (100) year floodplain unless they already meet the requirements established in this subsection for New Construction.

(b) **Ineligible Building Types**. Applications involving Ineligible Building Types as defined in §~~49.~~50.3(56) of this chapter will not be considered for allocation of tax credits.

(c) **Scattered Site Limitations**. Consistent with §~~49.~~50.3(32) of this chapter, a Development must be financed under a common plan, be owned by the same Person for federal tax purposes, and the buildings may be either located on a single site or contiguous site, or be located on scattered sites and contain only rent-restricted units. Tax-Exempt Bond Developments are permitted to be located on multiple sites consistent with Chapter 1372 of the Texas Government Code and as further clarified by the Texas Bond Review Board.

(d) **Credit Amount**. The Department shall issue tax credits only in the amount needed for the financial feasibility and viability of a Development throughout the affordability period. The issuance of tax credits or the determination of any allocation amount in no way represents or purports to warrant the feasibility or viability of the Development by the Department, or that the Development will qualify for and be able to claim Housing Tax Credits. An Applicant may not request more than $2 million in annual tax credits for any given Application. The Department shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the ~~2009~~2010 calendar year, including commitments from the ~~2009~~2010 Credit Ceiling and forward commitments from the 2010 Credit Ceiling, are applied to the credit cap limitation for the ~~2009~~2010 Application Round. In order to evaluate this $2 million limitation, Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must provide the documentation required in the Application with regard to this requirement. In order to encourage the capacity enhancement of inexperienced Developers who are ineligible to receive an experience certificate under §50.9(g) of this chapter, the Department will prorate the credit amount allocated in situations where an ~~Application is submitted in the either the Rural Regional Allocation or the Urban Regional Allocation~~inexperienced Developer partners with a Developer who can receive an experience certificate under §50.9(g) of this chapter. The Department will prorate the credits ascribed to the experienced developer based on the higher of: the percentage ownership of the General Partner, if there is an ownership interest by the experienced Developer, or the proportional percentage of the Developer fee received, if this applies to a Developer without an ownership interest~~, whichever is greater~~. To be considered for this provision, a copy of a Joint Venture Agreement or similar document between the experienced Developer and the inexperienced Developer must be provided ~~and narrative on how this builds the capacity of the inexperienced Developers is required~~ and a completed credit limit form describing the structural decision making process for the Development. Tax-Exempt Bond Development Applications are not subject to these Housing Tax Credit limitations, and Tax-Exempt Bond Development Applications will not count towards the total limit on tax credits per Applicant. The limitation does not apply (§2306.6711(b)):

(1) To an entity which raises or provides equity for one or more Developments, solely with respect to its actions in raising or providing equity for such Developments (including syndication related activities as agent on behalf of investors);

(2) To the provision by an entity of "qualified commercial financing" within the meaning of the Code (without regard to the 80% limitation thereof);

(3) To a Qualified Nonprofit Organization or other not-for-profit entity, to the extent that the participation in a Development by such organization consists only of the provision of loan funds, grants or social services; and

(4) To a Development Consultant with respect to the provision of consulting services, provided the Development Consultant fee received for such services does not exceed 10% of the fee to be paid to the Developer (or 20% for Qualified Nonprofit Developments), or $150,000, whichever is greater.

(e) **Limitations on the Size of Developments**.

(1) The minimum Development size will be 16 Units if the Development involves Housing Tax Credits. The minimum Development size will be 4 Units if the funding source only involves the Housing Trust Fund or HOME Program.

(2) Rural Developments involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings) will be limited to 80 Units (this includes individual Tax-Exempt Bond Developments). Rural Developments involving only Rehabilitation (excluding reconstruction) do not have a limitation as to the number of Units.

(3) Urban Developments involving any New Construction or Adaptive Reuse (excluding New Construction of non-residential buildings), in the Competitive Housing Tax Credit Application Round will be limited to 252 total Units, wherein the maximum Department administered Units will be limited to 200 Units. Tax-Exempt Bond Developments will be limited to 252 restricted and total Units. These maximum Unit limitations also apply to those Developments which involve a combination of Rehabilitation, Reconstruction, and New Construction. Only Developments that consist solely of acquisition/Rehabilitation or Rehabilitation may exceed the maximum Unit restrictions.

(4) For Applications that are proposing an additional phase to an existing tax credit Development; that are otherwise adjacent to an existing tax credit Development; or that are proposing a Development on a contiguous site to another Application awarded in the same program year, the combined Unit total for the existing and proposed Developments may not exceed the maximum allowable Development size set forth in this subsection unless:

(A) the first phase of the Development has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for at least six (6) months; or

(B) a resolution from the Governing Body of the city or county, in which the proposed Development is located, dated on or before the date the Application is submitted, is submitted with the Application. Such resolution must state that there is a need for additional Units and that the Governing Body has reviewed a market study, the conclusion of which supports the need for additional Units; or

(C) the proposed Development is intended to provide replacement of previously existing affordable Units on the Development Site or that were originally located within a one mile radius from the Development Site; provided, however, the combined number of Units in the proposed Development may not exceed the number of Units being replaced. Documentation of such replacement units must be provided.

(f) **Limitations on the Location of Developments**. Staff will only recommend, and the Board may only allocate, Housing Tax Credits from the State Housing Credit Ceiling to more than one Development from the State Housing Credit Ceiling in the same calendar year if the Developments are, or will be, located more than one linear mile apart as determined by the Department. If the Board forward commits credits from the following year's State Housing Credit Ceiling, the Development is considered to be in the calendar year in which the Board votes, not in the year of the State Housing Credit Ceiling. This limitation applies only to communities contained within counties with populations exceeding one million (which for calendar year ~~2009~~2010 are Harris, Dallas, Tarrant and Bexar Counties). For purposes of this chapter, any two sites not more than one linear mile apart are deemed to be "in a single community." (§2306.6711(f)). This restriction does not apply to the allocation of Housing Tax Credits to Developments financed through the Tax-Exempt Bond program, including the Tax-Exempt Bond Development Applications under review and existing Tax-Exempt Bond Developments in the Department's portfolio. (§2306.67021)

(g) **Limitations of Development in Certain Census Tracts**. Staff will not recommend and the Board will not allocate Housing Tax Credits for a Competitive Housing Tax Credit or Tax-Exempt Bond Development located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as established by the U.S. Census Bureau for the most recent Decennial Census unless the Applicant:

(1) In an Area whose population is less than 100,000;

(2) Proposes only reconstruction or Rehabilitation (excluding New Construction of non-residential buildings); or

(3) Submits to the Department an approval of the Development referencing this rule in the form of a resolution from the Governing Body of the appropriate municipality or county containing the Development. For purposes of this paragraph, evidence of the local government approval must be received by the Department no later than ~~April 1, 2009~~April 3, 2010 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Development Applications no later than fourteen (14) days before the Board meeting where the credits will be committed). These ineligible census tracts are outlined in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report.

(h) **Developments Proposing to Qualify for a 30% increase in Eligible Basis**. Staff will only recommend a 30% increase in Eligible Basis (paragraphs (3) and (4) of this subsection only apply to Competitive Housing Tax Credits allocated from the State Credit Ceiling) if:

(1) The Development proposing to build in a Hurricane Rita Gulf Opportunity Zone (Rita GO Zone), which was designated as a Difficult to Develop Area as determined by H.B. 4440, is able to be placed in service by December 31, 2010 (or date as revised by the Internal Revenue Service) as certified in the Application;

(2) The Development is located in a Qualified Census Tract that has less than 40% Housing Tax Credit Units per households in the tract as established by the U.S. Census Bureau for the most recent Decennial Census. Developments located in a Qualified Census Tract that has in excess of 40% Housing Tax Credit Units per households in the tract are not eligible to qualify for a 30% increase in Eligible Basis, which would otherwise be available for the Development Site pursuant to the Code, §42(d)(5)(C), unless the Development is proposing only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings).

These ineligible Qualified Census Tracts are outlined in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report;

(3) The Development qualifies for and receives Renewable Energy Tax Credits. For purposes of this paragraph, the Application will be required to include an architect's letter or contractor bid as evidence that the Applicant will be eligible to request Renewable Energy Tax Credits in its income tax filings. Applicant will be required to show proof of receipt of the Renewable Energy Tax Credits at the time of Cost Certification; or

(4) Pursuant to the authority granted by H.R. 3221, the Development meets one of the criteria described in subparagraphs (A) - (D) of this paragraph:

(A) Any Rural Development~~s located in a census tract that has not received an award of Housing Tax Credits or Tax-Exempt Bonds (serving the same population type as proposed) in the last five (5) years from the date of the Application Acceptance Period~~;

(B) Developments proposing at least 50% of the total number of Units for Supportive Housing;

(C) Developments proposing to provide 10% of the Low-Income Units, that will serve individuals and families at or below 30% of AMGI, in excess of those that are proposed in §~~49.~~50.9(i)(3) of this chapter; or

(D) Developments proposed in High Opportunity Areas as provided in clauses (i) - (iv) of this subparagraph:

(i) A Development that is proposed to be located within one-quarter mile of existing major bus transfer centers and/or regional or local commuter rail transportation stations that are accessible to all residents including Persons with Disabilities;

(ii) A Development that is proposed to be located in a census tract which has an AMGI that is higher than the AMGI of the county or place in which the census tract is located as of the first day of the Application Acceptance Period;

(iii) A Development (serving families with children) that is proposed to be located in a school attendance zone that has an academic rating of "Exemplary" or "Recognized" rating (as determined by the Texas Education Agency) as of the first day of the Application Submission Acceptance Period; or

(iv) A Development that is proposed in a census tract that has no greater than 10% poverty population according to the most recent census data (these census tracts are designated in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report).

(5) The Development proposing to build in a Hurricane Ike eligible county as designated by the Emergency Economic Stabilization Act of 2008, H.R. 1424 and Presidential Declaration FEMA-1791-DR and is able to place in service by December 31, 2012 (or the date as revised by the Internal Revenue Service) as certified in the Application.

(i) **Rehabilitation Costs.** Developments involving Rehabilitation must establish that the Rehabilitation will substantially improve the condition of the housing and will involve at least $15,000 per Unit in direct hard costs (including site work, contingency, contractor profit, overhead and general requirements) unless financed with TRDO-USDA in which case the minimum is $9,000.

(j) **Unacceptable Sites**. Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department.

(k) **Appeals and Administrative Deficiencies for Site and Development Restrictions**. An Application or Development found to be in violation under subsections (a) - (j) of this section will be notified in accordance with the Administrative Deficiency process described in §~~49.~~50.9(d)(4) of this chapter. They may also utilize the appeals process described in §~~49.~~50.17(b) of this chapter.

§~~49.~~50.7. Regional Allocation Formula; Set-Asides; Redistribution of Credits.

(a) **Regional Allocation Formula**. (§2306.1115 as required by §2306.111(d) of the Texas Government Code) The Department uses a regional distribution formula developed by the Department and commented on by the public to distribute credits from the State Housing Credit Ceiling to all Urban Areas and Rural Areas. This formula establishes separate targeted tax credit amounts for Rural Areas and Urban Areas within each of the Uniform State Service Regions. Each Uniform State Service Region's targeted tax credit amount will be published on the Department's website. The regional allocation for Rural Areas is referred to as the Rural Regional Allocation and the regional allocation for Urban Areas is referred to as the Urban Regional Allocation. Developments qualifying for the Rural Regional Allocation must meet the Rural Development definition. The Regional Allocation target will reflect that at least 20% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments in Rural Areas with a minimum of $500,000 for each Uniform State Service Region. (§2306.111(d)(3))

(b) **Set-Asides**. An Applicant may elect to compete in as many of the following Set-Asides for which the proposed Development qualifies (§2306.111(d)):

(1) At least 10% of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of the Code, §42(h)(5). Qualified Nonprofit Organizations must have the Controlling interest in the Development Owner applying for this Set-Aside. If the Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the ~~controlling~~ ~~m~~Managing General Partner. If the Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, a Qualified Nonprofit Development submitting an Application in the nonprofit Set-Aside must have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or a co-Developer as evidenced in the development agreement; (§2306.6729 and §2306.6706(b))

(2) At least 5% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments which are financed through TRDO-USDA, that meet the definition of a Rural Development, do not exceed 80 Units if proposing any New Construction (excluding New Construction of non-residential buildings), and have filed an "Intent to Request ~~2009~~2010 Housing Tax Credits" form by the Pre-Application submission deadline. (§2306.111(d)(2)). If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk Development Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region. Developments financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program, in whole or in part, will not be considered under this Set-Aside. Any Rehabilitation or Reconstruction of an existing §515 Development that retains the §515 loan and restrictions will be considered under the At-Risk Development and TRDO-USDA Set-Asides, unless such Development is also financed through TRDO-USDA's §538 Guaranteed Rural Rental Housing Program. Commitments of ~~2009~~2010 Competitive Housing Tax Credits issued by the Board in ~~2009~~2010 will be applied to each Set-Aside, Rural Regional Allocation, Urban Regional Allocation and/or TRDO-USDA Set-Aside for the ~~2009~~2010 Application Round as appropriate;

(3) At least 15% of the State Housing Credit Ceiling for each calendar year will be allocated under the At-Risk Development Set-Aside and will be deducted from the State Housing Credit Ceiling prior to the application of the regional formula required under subsection (a) of this section. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of Developments designated as At-Risk Developments as defined in §~~49.~~50.3(14) of this chapter. (§2306.6714). To qualify as an At-Risk Development, the Applicant must provide evidence that it either is not eligible to renew, retain or preserve any portion of the financial benefit described in §~~49.~~50.3(14)(A) of this chapter, or provide evidence that it will renew, retain or preserve the financial benefit described in §~~49.~~50.3(14)(A) of this chapter; and must have filed an "Intent to Request ~~2009~~2010 Housing Tax Credits" form by the Pre-Application submission deadline. Up to 5% of the State Credit Ceiling associated with this Set-Aside may be given priority to Rehabilitation Developments funded with TRDO.

(c) **Redistribution of Credits**. (§2306.111(d)). If any amount of Housing Tax Credits remain after the initial commitment of Housing Tax Credits among the Set-Asides, Rural Regional Allocation and Urban Regional Allocation, the Department may redistribute the credits amongst the different regions and Set-Asides depending on the quality of Applications submitted as evaluated under the factors described in §~~49.~~50.9(d) of this chapter, the need to most closely achieve regional allocation goals and then the level of demand exhibited in the Uniform State Service Regions during the Application Round, except that, if there are any tax credits set aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after the allocation under §~~49.~~50.9(d)(5)(C) of this chapter, those tax credits shall be made available in any other Rural Area in the state, first, and then to Developments in Urban areas of any uniform state service region. (§2306.111(d)(3)). As described in subsection (b)(1) and (2) of this section, no more than 90% of the State's Housing Credit Ceiling for the calendar year may go to Developments which are not Qualified Nonprofit Developments. If credits will be transferred from a Uniform State Service Region which does not have enough qualified Applications to meet its regional credit distribution amount, then those credits will be apportioned to the other Uniform State Service Regions.

§~~49.~~50.8. Pre-Applications for Competitive Housing Tax Credits: Submission; Communication with Departments Staff; Evaluation Process; Threshold Criteria and Review; Results (§2306.6704).

(a) **Pre-Application Submission**. Any Applicant requesting a Housing Credit Allocation may submit a Pre-Application to the Department during the Pre-Application Acceptance Period along with the required Pre-Application Fee as described in §~~49.~~50.20 of this chapter. Only one Pre-Application may be submitted by an Applicant for each site under the State Housing Credit Ceiling. The Pre-Application submission is a voluntary process. While the Pre-Application Acceptance Period is open, Applicants may withdraw their Pre-Application and subsequently file a new Pre-Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized though not required to request the Applicant to provide additional information it deems relevant to clarify information contained in the Pre-Application or to submit documentation for items it considers to be Administrative Deficiencies. The rejection of a Pre-Application shall not preclude an Applicant from submitting an Application with respect to a particular Development or site at the appropriate time.

(b) **Communication with the Department**. Applicants that submit a Pre-Application are restricted from communication with Department staff as provided in §~~49.~~50.9(b) of this chapter. (§2306.1113)

(c) **Pre-Application Evaluation Process**. Eligible Pre-Applications will be evaluated for Pre-Application Threshold Criteria. Applications that are associated with a TRDO-USDA Development are not exempt from Pre-Application and are eligible to compete for the Pre-Application points further outlined in §~~49.~~50.9(i)(14) of this chapter. Pre-Applications that are found to have Administrative Deficiencies will be handled in accordance with §~~49.~~50.9(d)(4) of this chapter. Department review at this stage is limited and not all issues of eligibility and threshold are reviewed at Pre-Application. Acceptance by staff of a Pre-Application does not ensure that an Applicant satisfies all Application eligibility, Threshold or documentation requirements. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of Pre-Application.

(d) **Pre-Application Threshold Criteria and Review**. Applicants submitting a Pre-Application will be required to submit information demonstrating their satisfaction of the Pre-Application Threshold Criteria. The Pre-Applications not meeting the Pre-Application Threshold Criteria will be terminated and the Applicant will receive a written notice to the effect that the Pre-Application Threshold Criteria have not been met. The Department shall not be responsible for the Applicant's failure to meet the Pre-Application Threshold Criteria and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Pre-Application Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. The Pre-Application Threshold Criteria include:

(1) Submission of a "Pre-Application Submission Form" and "Certification of Pre-Application Itemized Self-Score." The Applicant may not change the Self-Score unless requested by the Department in a Deficiency Notice;

(2) Evidence of property control through ~~February 27, 2009~~March 1, 2010 as evidenced by the documentation required under §~~49.~~50.9(h)(7)(A) of this chapter; and

(3) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under subparagraph (A) of this paragraph must be made by the deadlines described in subparagraph (A)(i) of this paragraph; notifications under subparagraph (C) of this paragraph must be made prior to the close of the Pre-Application Acceptance Period. (§2306.6704). Evidence of notification must meet the requirements identified in subparagraph (B) of this paragraph to all of the individuals and entities identified in subparagraph (B) of this paragraph. (§2306.6704)

(A) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(i) No later than ~~December 8, 2008~~December 7, 2009, the Applicant must e-mail, fax or mail with registered receipt <email or fax to be "receipt confirmed"> a completed "Neighborhood Organization Request" letter as provided in the Pre-Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format;

(ii) If no reply letter is received from the local elected officials by ~~January 1, 2009~~January 1, 2010, then the Applicant must certify to that fact in the "Pre-Application Notification Certification Form" provided in the Pre-Application;

(iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as provided by the local elected officials, or that the Applicant has knowledge of (irrespective of whether the organization is on record with the county or state) as of the Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(B) Not later than the date the Pre-Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Pre-Application Notification Template" provided in the Pre-Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials, however, are required to notify county officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entities prescribed in clauses (i) - (ix) of this subparagraph, in the event that the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by the recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(i) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in subparagraph (A)(iii) of this paragraph;

(ii) Superintendent of the school district containing the Development;

(iii) Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the Governing Body of any municipality containing the Development;

(vi) Presiding officer of the Governing Body of the county containing the Development;

(vii) All elected members of the Governing Body of the county containing the Development;

(viii) State senator of the district containing the Development; and

(ix) State representative of the district containing the Development.

(C) Each such notice must include, at a minimum, all of the following:

(i) The Applicant's name, address, individual contact name and phone number;

(ii) The Development name, address, city and county;

(iii) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) Statement of whether the Development proposes New Construction, reconstruction, Adaptive Reuse or Rehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.) and population being served (family, Intergenerational Housing, or elderly);

(vi) The approximate total number of Units and approximate total number of low-income Units;

(vii) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;

(viii) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur;

(ix) The amount of housing tax credits requested; and

(~~i~~x) The expected completion date if credits are awarded.

(e) **Pre-Application Results**. Only Pre-Applications which have satisfied all of the Pre-Application Threshold Criteria requirements set forth in subsection (d) of this section and §~~49.~~50.9(i)(14) of this chapter, will be eligible for Pre-Application points. The order and scores of those Developments released on the Pre-Application Submission Log do not represent a commitment on the part of the Department or the Board to allocate tax credits to any Development and the Department bears no liability for decisions made by Applicants based on the results of the Pre-Application Submission Log. Inclusion of a Development on the Pre-Application Submission Log does not ensure that an Applicant will receive points for a Pre-Application.

§~~49.~~50.9. Application: Submission; Communication with Department Employees; Adherence to Obligations; Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling; Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the 2008 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker Factors; Staff Recommendations; American Recovery and Reinvestment Act.

(a) Application Submission. Any Applicant requesting a Housing Credit Allocation or a Determination Notice must submit an Application, and the required Application fee as described in §~~49.~~50.20 of this chapter, to the Department during the Application Acceptance Period. Only complete Applications will be accepted. All required volumes must be submitted as required by the Application Submission Procedures Manual and fully complete for submission with all required copies and received by the Department not later than 5:00 p.m. on the date the Application is due. A bookmarked electronic copy of all required volumes and exhibits, unless otherwise indicated in the Application Submission Procedures Manual, must be submitted in the format of a single file presented in the order as required by the Application Submission Procedures Manual on a CD-R (non-rewritable) clearly labeled with the report type, Development name, and Development location is required for submission and must be received by the Department not later than 5:00 p.m. on the date the Application is due. Only one Application may be submitted for a site in an Application Round. While the Application Acceptance Period is open, an Applicant may withdraw an Application and subsequently file a new Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized, but not required, to request the Applicant to provide additional information it deems relevant to clarify information contained in the Application or to submit documentation for items it considers to be an Administrative Deficiency, including ineligibility criteria, site and development restrictions, and threshold and selection criteria documentation. (§2306.6708). An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any Set-Asides, increase the requested credit amount, or revise the Unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §~~49.~~50.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~49.~~50.17(d) of this chapter.

(b) **Ex Parte Communications**.

(1) During the period beginning on the first date of the Application Acceptance Period and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, a member of the Board may not communicate with the following Persons:

(A) an Applicant or Related Party; and

(B) any Person who is:

(i) active in the construction, rehabilitation, ownership, or Control of the proposed Development, including:

(I) a General Contractor; and

(II) a Developer; and

(III) a General Partner, Principal or Affiliate of a General Partner or General Contractor; or

(ii) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.

(2) During the period beginning on the first date of the Application Acceptance Period and ending on the date the Board makes a final decision with respect to the approval of any Application in that Application Round, an employee of the Department may communicate about any Application with the following Persons:

(A) the Applicant or a Related Party; and

(B) any Person who is:

(i) active in the construction, rehabilitation, ownership, or Control of the proposed Development, including:

(I) a General Partner or General Contractor; and

(II) a Developer; and

(III) a Principal or Affiliate of a General Partner or General Contractor; or

(ii) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.

(3) A communication under paragraph (2) of this subsection may be oral or in any written form, including electronic communication through the Internet, and must satisfy the following conditions:

(A) the communication must be restricted to technical or administrative matters directly affecting the Application;

(B) the communication must occur or be received on the premises of the Department during established business hours; and

(C) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:

(i) the date, time, and means of communication;

(ii) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;

(iii) the subject matter of the communication; and

(iv) a summary of any action taken as a result of the communication.

(4) Notwithstanding paragraph (1) or (2) of this subsection, a Board member or Department employee may communicate without restriction with a Person listed in paragraph (1) or (2) of this subsection during any Board meeting or public hearing held with respect to the Application, but not during a recess or other non-record portion of the meeting or hearing.

(5) Paragraph (1) of this subsection does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

(c) **Adherence to Obligations.** (§2306.6720, General Appropriation Act, Article VII, Rider 8(a)). All representations, undertakings and commitments made by an Applicant in the Application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, shall be deemed to be a condition to any Commitment Notice, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment Notice, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:

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

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

(A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board;

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to twenty-four (24) months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department;

(C) In addition to, or in lieu of, the penalty in subparagraph (A) or (B) of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

(3) For amendments approved administratively by the Executive Director, the penalties in paragraph (2) of this subsection will not be imposed.

(d) **Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling**. Applications submitted for competitive consideration under the State Housing Credit Ceiling will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49.~~50.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Set-Aside and Selection Criteria Review. All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility for Set-Asides. Then, each Application will be preliminarily scored according to the Selection Criteria listed in subsection (i) of this section. When a particular scoring criterion involves multiple points, the Department will award points to the proportionate degree, in its determination, to which a proposed Development complied with that criterion. As necessary to complete this process only, Administrative Deficiencies may be issued to the Applicant. This process will generate a preliminary Department score for every Application.

(2) Application Review Assessment. Each Application will be assessed based on either the Applicant's self-score or the Department's preliminary score, region, and any Set-Asides that the Application indicates it is eligible for, consistent with paragraph (5) of this subsection. Those Applications that appear to be most competitive will be reviewed in detail for Eligibility and Threshold Criteria during the Application Round.

(3) Eligibility and Threshold Criteria Review. Applications that appear to be most competitive will be evaluated for eligibility under §~~49.~~50.5(a)(7) - (9), (b) - (f) and §~~49.~~50.6 of this chapter. The remaining portions of the Eligibility Review under §~~49.~~50.5 of this chapter will be performed in the Compliance Evaluation and Eligibility Review as described under paragraph (7) of this subsection. The most competitive Applications will also be evaluated against the Threshold Criteria under subsection (h) of this section. The same portions of the Threshold Criteria review may be performed in the Underwriting Evaluation and Criteria review for financial feasibility by the Department's Real Estate Analysis Division as described under paragraph (6) of this subsection. Applications not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria. To the extent that the review of Threshold Criteria documentation, or submission of Administrative Deficiency documentation, alters the score assigned to the Application, an Applicant will be notified of its final score.

(4) Administrative Deficiencies. If an Application contains Administrative Deficiencies pursuant to §~~49.~~50.3(2) of this chapter which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Selection, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made ~~several times~~during any of these reviews. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the e-mail within twenty-four (24) hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. on the fifth business day following the date of the deficiency notice, then for competitive Applications under the State Housing Credit Ceiling, five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected by 5:00 p.m. on the seventh business day following the date of the deficiency notice, 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. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review.

(5) Subsequent Evaluation of Applications and Methodology for Award Recommendations to the Board. The Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division--in general these will be those Applications identified as most competitive and that meet the requirements of Eligibility and Threshold. However, an Application may be reviewed by the Real Estate Analysis Division prior to the completion of the Eligibility and Threshold reviews. This procedure will also be used in making recommendations to the Board as follows:

(A) Assignments will be determined by separately selecting the Applications with the highest scores in the At-Risk Set-Aside Statewide until the minimum requirements stated in §~~49.~~50.7(b) of this chapter are attained;

(B) Assignments will then be determined by selecting the Applications with the highest scores in the TRDO-USDA Allocation until the minimum requirements stated in §~~49.~~50.7(b) of this chapter are attained. If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region;

(C) Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments in each of the 26 sub-regions, regardless of Set-Aside, in accordance with the requirements under §~~49.~~50.7(a) of this chapter, without exceeding the credit amounts available for a Rural Regional Allocation and Urban Regional Allocation in each region. To the extent that Applications in the At-Risk and TRDO-USDA Set-Asides are not competitive enough within their respective Set-Asides, they will also be able to compete, with no Set-Aside preference, within their appropriate sub-region;

(D) If there are any tax credits set-aside for Developments in a Rural Area in a specific Uniform State Service Region that remain after allocation under subparagraph (C) of this paragraph those tax credits shall then be made available in any other Rural Area in the state to the Application in the most underserved Rural sub-region as compared to the Region's Rural Allocation. (§2306.111(d)(3)). This will be referred to as the Rural collapse;

(E) If there are any tax credits remaining in any sub-region after the Rural collapse, in the Rural Regional Allocation or Urban Regional Allocation, they then will be combined and made available to the Application in the most underserved sub-region as compared to the sub-region's allocation. This will be referred to as the statewide collapse;

(F) Staff will ensure that at least 10% of the State Housing Credit Ceiling is allocated to Qualified Nonprofit Organizations to satisfy the Nonprofit Set-Aside. If 10% is not met through the existing competitive process, then the Department will add the highest scoring Application by a Qualified Nonprofit Organization statewide until the 10% Nonprofit Set-Aside is met. Staff will ensure that at least 20% of the State Housing Credit Ceiling is allocated to Rural Developments. If this 20% minimum is not met through the existing competitive process, then the Department will add the highest scoring Rural Development Application statewide until the 20% Rural Development Set-Aside is met. Selection for each of the Set-Asides will take precedence over selection for the Rural Regional Allocation and Urban Regional Allocation. Funds for the Rural Regional Allocation or Urban Regional Allocation within a region, for which there are no eligible feasible Applications, will be redistributed as provided in §~~49.~~50.7(c) of this chapter, Redistribution of Credits. If the Department determines that an allocation recommendation would cause a violation of the $2 million limit described in §~~49.~~50.6(d) of this chapter, the Department will make its recommendation by selecting the Development(s) that most effectively satisfies(y) the Department's goals in meeting Set-Aside and regional allocation goals. Based on Application rankings, the Department shall continue to underwrite Applications until the Department has processed enough Applications satisfying the Department's underwriting criteria to enable the allocation of all available Housing Tax Credits according to regional allocation goals and Set-Aside categories. To enable the Board to establish a Waiting List, the Department shall underwrite as many additional Applications as necessary to ensure that all available Competitive Housing Tax Credits are allocated within the period required by law. (§2306.6710(a) - (f); §2306.111)

(6) Underwriting Evaluation and Criteria. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits. In determining an appropriate level of Housing Tax Credits, the Department shall, at a minimum, evaluate the cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous Housing Tax Credit allocations for the county in which the Development is to be located; if certifications are unavailable for the county, then the metropolitan statistical area in which the Development is to be located; or if certifications are unavailable under the county or the metropolitan statistical area, then the Uniform State Service Region in which the Development is to be located. Underwriting of a Development will include a determination by the Department, pursuant to the Code §42, that the amount of Housing Tax Credits recommended for commitment to a Development is necessary for the financial feasibility of the Development and its long-term viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title. An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, ~~increase~~ change their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from ~~the Real Estate Analysis~~

~~Division~~Department staff to remedy an Administrative Deficiency as further described in §~~49.~~50.3(2) of this chapter or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~49.~~50.17(d) of this chapter. To the extent that the review of Administrative Deficiency documentation during this review alters the score assigned to the Application, Applicants will be re-notified of their final score. Receipt of feasibility points under subsection (i)(1) of this section does not ensure that an Application will be considered feasible during the feasibility evaluation by the Real Estate Analysis Division and conversely, a Development may be found feasible during the feasibility evaluation by the Real Estate Analysis Division even if it did not receive points under subsection (i)(1) of this section. (§2306.6710 and §2306.11)

(A) The Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation.

(B) The Department will reduce the Applicant's estimate of Developer's and/or General Contractor fees in instances where these exceed the fee limits determined by the Department. In the instance where the General Contractor is an Affiliate of the Development Owner and both parties are claiming fees, General Contractor's overhead, profit, and general requirements, the Department shall be authorized to reduce the total fees estimated to a level that it determines to be reasonable under the circumstances. Further, the Department shall deny or reduce the amount of Housing Tax Credits allocated with respect to any portion of costs which it deems excessive or unreasonable. Excessive or unreasonable costs may include Developer fee attributable to Related Party acquisition costs. The Department also may require bids or Third Party estimates in support of the costs proposed by any Applicant. The Developer's fee limits will be calculated as follows:

(i) New construction~~ pursuant to §42(b)(1)(A) U.S.C.,~~ , ~~ ~~the Developer fee cannot exceed 15% of the project's Total Eligible Basis, less Developer fees, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less; and

(ii) Acquisition/rehabilitation Developments~~ that are eligible for acquisition credits pursuant to §42(b)(1)(B) U.S.C.~~, the acquisition portion of the Developer fee cannot exceed 15% of the existing structures acquisition basis, less Developer fee if the Development proposes 50 total Units or more, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less, and will be limited to 4% credits. The rehabilitation portion of the Developer fee cannot exceed 15% of the total rehabilitation basis, less Developer fee if the Development proposes 50 total Units or more, or 20% of the project's Total Eligible Basis, less Developer fees if the Development proposes 49 total Units or less.

(7) Compliance Evaluation and Eligibility Review. After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division, in accordance with Chapter 60 of this title, and will be evaluated in detail for eligibility under §~~49.~~50.5(a) - (f) of this chapter.

(8) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns. Such inspection will evaluate the Development Site based upon the criteria set forth in the Site Evaluation form provided in the Application and the inspector shall provide a written report of such site evaluation. The evaluations shall be based on the condition of the surrounding neighborhood, including appropriate environmental and aesthetic conditions and proximity to retail, medical, recreational, and educational facilities, and employment centers. The site's appearance to prospective tenants and its accessibility via the existing transportation infrastructure and public transportation systems shall be considered. "Unacceptable" sites include, without limitation, those containing a non-mitigable environmental factor that may adversely affect the health and safety of the residents. For Developments applying under the TRDO-USDA Set-Aside, the Department may rely on the physical site inspection performed by TRDO-USDA.

(e) **Evaluation Process for Tax-Exempt Bond Development Applications**. Applications submitted for consideration as Tax-Exempt Bond Developments will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49.~~50.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Eligibility and Threshold Criteria Review. All Tax-Exempt Bond Development Applications will first be reviewed as described in this paragraph. Tax-Exempt Bond Development Applications will be confirmed for eligibility under §~~49.~~50.5 and §~~49.~~50.6 of this chapter and Applications will be evaluated in detail against the Threshold Criteria. Tax-Exempt Bond Development Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in each event the Applicant will be given an opportunity to correct such deficiencies. Applications not meeting the Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a

written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled.

(2) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. The Administrative Deficiency process may not be used by an Applicant or the Department to change the initial application proposal. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made ~~several times~~during any of these reviews. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the e-mail within twenty-four (24) hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five (5) business days. Failure to resolve all outstanding deficiencies by 5:00 p.m. on the fifth business day following the date of the deficiency notice will result in a penalty fee of $500 for each business day the deficiency remains unresolved. Applications with unresolved deficiencies after 5:00 p.m. on the tenth day following the date of the deficiency notice will be terminated. The Applicant will be responsible for the payment of fees accrued pursuant to this paragraph regardless of any termination pursuant to §~~49.~~50.5(b)(4) of this chapter. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. The Application will not be presented to the Board for consideration until all outstanding fees have been paid. This Administrative Deficiency process applies equally to the Real Estate Analysis Division review and feasibility evaluation and the same penalty and termination will be assessed.

(3) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Tax-Exempt Bond Development Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits as further described in subsection (d)(6) of this section. Tax-Exempt Bond Development Applications will also be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60, Subchapter A of this title.

(4) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(f) Evaluation Process for Rural Rescue Applications Under the ~~2010~~ 2011 Credit Ceiling. Applications submitted for consideration as Rural Rescue Applications pursuant to §~~49.~~50.10(c) of this chapter under the 2010 Credit Ceiling will be reviewed according to the process outlined in this subsection. A Rural Rescue Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49.~~50.5 of this chapter; Applicants will be promptly notified in these instances.

(1) Procedures for Intake and Review.

(A) Applications for Rural Rescue deals may be submitted between March 2, ~~2009~~ 2010 and November 15, ~~2009~~ 2010 and must be submitted in accordance with §~~49.~~50.21 of this chapter. A complete Application must be submitted at least forty (40) days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee as further described in §~~49.~~50.20(c) of this chapter. Applicants must submit documents in accordance with the procedures set out in the ~~2009~~2010 Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.

(B) Applicants do not need to participate in the Pre-Application process outlined in §~~49.~~50.8 of this chapter, nor will they need to submit pre-certification documents identified in subsection (g) of this section.

(C) Applications will be processed on a first-come, first-served basis. Applications unable to meet all deficiency and underwriting requirements within thirty (30) days of the request by the Department, will remain under consideration, but will lose their submission status and the next Application in line will be moved ahead in order to expedite those Applications most able to proceed. Applications for Rural Rescue will be processed and evaluated as described in this paragraph. Applications will be reviewed to ensure that the Application is eligible as a rural "rescue" Development as described in paragraph (2) of this subsection.

(D) Prior to the Development being recommended to the Board, TRDO-USDA must provide the Department with a copy of the physical site inspection report performed by TRDO-USDA, as provided in subsection (d)(8) of this section.

(2) Eligibility Review. All Rural Rescue Applications will first be reviewed as described in this paragraph and eligibility will be confirmed pursuant to §~~49.~~50.5 and §~~49.~~50.6 of this chapter and the criteria listed in subparagraphs (A) - (C) of this paragraph. Applications found to be ineligible will be notified.

(A) Applications must be funded through TRDO-USDA;

(B) Applications must able to provide evidence that the loan:

(i) has been foreclosed and is in the TRDO-USDA inventory; or

(ii) is being foreclosed; or

(iii) is being accelerated; or

(iv) is in imminent danger of foreclosure or acceleration; or

(v) is for an Application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (i) - (iv) of this subparagraph and for which the Application is submitted under one ownership structure, one financing plan and for which there are no market rate units; and

(C) Applicants must be identified as in compliance with TRDO-USDA regulations.

(3) Threshold Review. Applications will be evaluated in detail against the Threshold Criteria. Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.

(4) Selection Criteria Review. All Rural Rescue Applications will be evaluated against the Selection Criteria and a score will be assigned to the Application. The minimum score for Selection Criteria is not required to be achieved to be eligible.

(5) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies as further described in subsection (d)(4) of this section.

(6) Underwriting and Compliance Evaluation and Criteria. The Department will ~~assign~~ further review all eligible Rural Rescue Applications ~~meeting the eligibility and threshold requirements for review~~ for financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate and in accordance with the underwriting rules in 10 TAC 1.31 through 1.36. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of Housing Tax Credits as further described in subsection (d)(6) of this section. Rural Rescue Development Applications will also be reviewed for evaluation of the previous participation by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60 of this title.

(7) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(8) Credit Ceiling and Applicability of this chapter. All Rural Rescue Applicants will receive their credit allocation out of the 2010 Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the 2010 Qualified Allocation Plan and Rules (QAP). However, because the 2010 QAP will not be in effect during the time period that the Rural Rescue Applications can be submitted, Applications submitted and eligible under the Rural Rescue Set-Aside will be considered by the Board to have satisfied the requirements of the 2010 QAP and are waived from 2010 QAP requirements that are changes from the ~~2009~~2010 QAP, to the extent permitted by statute.

(9) Procedures for Recommendation to the Board. Consistent with subsection (k) of this section, staff will make its recommendation to the Committee. The Committee will make commitment

recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §~~49.~~50.10(a) of this chapter. Any award made to a Rural Rescue Development will be credited against the TRDO-USDA Set-Aside for the 2010 Application Round, as required under subsection (d)(5) of this section.

(10) Limitation on Allocation. No more than $350,000 in credits will be forward committed from the 2010 State Housing Credit Ceiling. To the extent Applications are received that exceed the maximum limitation; staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.

(g) **Experience Pre-Certification Procedures**. No later than fourteen (14) days prior to the close of the Application Acceptance Period for Competitive Housing Tax Credit Applications, an Applicant must submit the documents required in this subsection to obtain the required pre-certification. For Applications submitted for Tax-Exempt Bond Applications or Applications not applying for Competitive Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) all of the documents in this section must be submitted with the Application. Upon receipt of the evidence required under this section, a certification from the Department will be provided to the Applicant for inclusion in its Application(s). Evidence must show that one of the Principals of the Development Owner~~'s~~, General Partner~~s,~~ or the Developer ~~or their Principals~~ have a record of successfully constructing or developing residential units (single family or multifamily) in the capacity of owner, General Partner or Developer. ~~If a Public Housing Authority organized an entity for the purpose of developing residential units the Public Housing Authority shall be considered a Principal for the purpose of this requirement. If the individual requesting the certification was not the Development Owner, General Partner or Developer, but was the individual within one of those entities doing the work associated with the development of the Units (responsibility for work associated with the development of Units includes, but is not limited to, application submission, third-party engagement, post award activities, construction, cost certification, etc.), the individual must show that the units were successfully developed as required in paragraphs (1) and (2) of this subsection, and also provide written confirmation from the entity involved stating that the individual was the person responsible for the development.~~ The individual requesting the certification must have completed the same type construction as the Application for tax credits is proposing (i.e. multifamily dwellings or single family residences). If rehabilitation experience is being claimed to qualify for an Application involving New Construction, then the rehabilitation must have been substantial and involved at least $15,000~~12,000~~ of direct hard cost per unit.

(1) The term "successfully" is defined as acting in a capacity as the owner, General Partner, or Developer of:

(A) At least ~~100~~ 200 residential units or, if less than ~~100~~200 residential units, 80% of the total number of Units the Applicant is applying to build (e.g. you must have 40 units successfully built to apply for 50 Units); or

(B) At least 36 residential units if the Development is a Rural Development; or

(C) At least 25 residential units if the Development has 36 or fewer total Units.

(2) One or more of the following documents must be submitted: American Institute of Architects (AIA) Document A111 - Standard Form of Agreement Between Owner & Contractor, AIA Document G704 - Certificate of Substantial Completion, AIA Document G702 – Application and Certificate for Payment, Certificate of Occupancy, IRS Form 8609, HUD Form 9822, development agreements, partnership agreements, or other documentation satisfactory to the Department verifying that the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals have the required experience. If submitting the IRS Form 8609, only one form per Development is required. The evidence must clearly indicate:

(A) That the Development has been completed (i.e. Development Agreements, Partnership Agreements, etc. must be accompanied by certificates of completion);

(B) That the names on the forms and agreements tie back to the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals as listed in the Application; and

(C) The number of units completed or substantially completed.

(h) **Threshold Criteria**. The following Threshold Criteria listed in this subsection are mandatory requirements that must be submitted at the time of Application submission unless specifically indicated otherwise:

(1) Completion and submission of the Application, which includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111)

(2) Completion and submission of the Site Packet as provided in the Application.

(3) Set-Aside Eligibility. Documentation must be provided that confirms eligibility for all Set-Asides under which the Application is seeking funding as required in the Application.

(4) Certifications. The "Certification Form" provided in the Application confirming the following items:

(A) A certification of the basic amenities selected for the Development. All Developments must meet at least the minimum threshold of points. These points are not associated with the selection criteria points in subsection (i) of this section. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to satisfy this requirement. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from clause (ii) of this subparagraph and made available for the benefit of all tenants. Developments proposing Rehabilitation (excluding Reconstruction) or proposing Single Room Occupancy will receive 1.5 points for each point item (do not round). Applications for non-contiguous scattered site housing, including New Construction, reconstruction, Adaptive Reuse, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant. Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §~~49.~~50.17(d) of this chapter and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

(i) Applications must meet a minimum threshold of points (based on the total number of Units in the Development) as follows:

(I) Total Units are less than 16, 0 points are required to meet Threshold for Single Room Occupancy and 1 point is required to meet threshold for all other Developments;

(II) Total Units are 16 to 24, 2 points are required to meet Threshold;

(III) Total Units are 25 to 40, 3 points are required to meet Threshold;

(IV) Total Units are 41 to 76, 6 points are required to meet Threshold;

(V) Total Units are 77 to 99, 9 points are required to meet Threshold;

(VI) Total Units are 100 to 149, 12 points are required to meet Threshold;

(VII) Total Units are 150 to 199, 15 points are required to meet Threshold; or

(VIII) Total Units are 200 or more, 18 points are required to meet Threshold.

(ii) Amenities for selection include those items listed in subclauses (I) - (XXV) of this clause. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity unless the item is specifically restricted to one type of Development. All amenities must meet accessibility standards as further described in subparagraphs (D) and (F) of this paragraph. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

(I) Full perimeter fencing (2 points);

(II) Controlled gate access (1 point);

(III) Gazebo w/sitting area (1 point);

(IV) Accessible walking/jogging path separate from a sidewalk (1 point);

(V) Community laundry room with at least one front loading washer (1 point);

(VI) Barbecue grill and picnic table-at least one of each for every 50 Units (1 point);

(VII) Covered pavilion that includes barbecue grills and tables (2 points);

(VIII) Swimming pool (3 points);

(IX) Furnished fitness center equipped with a minimum of two of the following fitness equipment options with at least one option per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points);

(X) Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 Units proposed in the Application, 1 printer for every 3 computers (with minimum of one printer), and 1 fax machine (2 points);

(XI) Furnished Community room (1 point);

(XII) Library with an accessible sitting area (separate from the community room) (1 point);

(XIII) Enclosed sun porch or covered community porch/patio (2 points);

(XIV) Service coordinator office in addition to leasing offices (1 point);

(XV) Senior Activity Room (Arts and Crafts, etc.) (2 points);

(XVI) Health Screening Room (1 point);

(XVII) Secured Entry (elevator buildings only) (1 point);

(XVIII) Horseshoe pit, putting green or shuffleboard court (1 point);

(XIX) Community Dining Room w/full or warming kitchen (3 points);

(XX) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (1 point);

(XXI) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points);

(XXII) Sport Court (Tennis, Basketball or Volleyball) (2 points);

(XXIII) Furnished and staffed Children's Activity Center (3 points);

(XXIV) Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points); or

(XXV) Green Building amenities (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):

~~(-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);~~

(-a~~b~~-) passive solar heating/cooling (3 points maximum);

(-1-) Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west-facing walls; and the east-west axis of the building is within 15 degrees of due east-west;

(-2-) One point if in addition to the above, if the project ~~east-west axis of the building oriented within 15 degrees of due east-west,~~ utilizes a narrow floor plate (less than 40 feet) and~~,~~ single loaded corridors ~~and open floor plan~~ to optimize daylight penetration and passive ventilation ~~(note: to qualify for this particular point, application must also implement the 15 degree building orientation option in subitem (-1-) of this item); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August)~~; and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east;

(-~~c~~b-) water conserving features (2 points maximum, 1 point for each):

(-1-) Install ~~low-flow toilets using less than or equal to 1.6 gallons per flush, or~~ high efficiency toilets using less than or equal to 1.28 gallons/flush or WaterSense certified.;

(-2-) Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout the development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets;

(-~~d~~c-) ~~solar water heaters (~~ Provide ~~S~~solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(-~~e~~d-) irrigation and landscaping ~~(must implement both of the following)~~ (2 points):

(-1-) collected water (at least 50%) for irrigation purposes;

(-2-) selection of native trees and plants that are appropriate to the site's soils and microclimate ~~and locate then to allow for shading in the summer and allow for heat gain in the winter~~;

(-~~f~~e-) sub-metered utility meters (2 points maximum);

(-1-) Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(-2-) Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point);

(-~~g~~f-) energy efficiency (4 points maximum);

(-1-) Three points if ~~Energy Elements~~ the development uses ~~include~~ Energy-Star qualified windows and glass doors exclusively; ~~and Exterior envelope~~ insulation, ~~vapor barriers~~ and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC,and domestic hot water heaters, or insulation that exceeds Energy Star standards ~~or exceeds the IRC 2006~~; or

(-2-) Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85;

(-~~h~~g-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

(-~~i~~h-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(-1-) Photovoltaic panels that total 10 kW (1 point);

(-2-) Photovoltaic panels that total 20 kW (2 points);

(-3-) Photovoltaic panels that total 30 kW (3 points);

(-~~j~~i-) construction waste management to divert a miniumum of 50% of construction waste from landfills

(-j-) ~~and~~ implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(-k~~k~~-) recycling service provided throughout the compliance period (1 point);

(-l~~l~~-) water permeable paving and walkways (at least 20% of walkways and parking) (1 point);

(-m-) renewable materials, provide at least one of the following: bamboo flooring, wool carpet, linoleum flooring, straw board cabinetry, poplar OSB, or cotton batt insulation (1 point)

(-n-) healthy flooring, provide at least one of the following for ~~(~~50% of flooring: ~~on the ground floor of the development must be~~ finished concrete ~~and/or~~ ceramic tile. ~~50% of the flooring on upper floors must be ceramic tile and/or~~ a resilient flooring material that is Floor Score Certified ~~(developed by the Resilient Floor Covering Institute)~~, applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty (~~2~~ 1 points).

(-o-) healthy finish materials, use paints, stains, adhesives, and sealants consistent with the Green Seal 11 standard or other applicable Green Seal standards. (1 Point)

(B) A certification that the Development will have all of the following Amenities at no charge to the tenants. All New Construction or Reconstruction Units must provide the amenities in clauses (i) - (viii) of this subparagraph. Rehabilitation (excluding Reconstruction) and Adaptive Reuse must provide the amenities in clauses (ii) - (viii) of this subparagraph unless expressly identified as not required. (§2306.187)

(i) All New Construction Units must be wired with RG-6 COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;

(ii) Blinds or window coverings for all windows;

(iii) Disposal and Energy-Star or equivalently rated dishwasher (not required for TRDO-USDA or SRO Developments);

(iv) Energy-Star or equivalently rated Refrigerator (not required for SRO Developments);

(v) Oven/Range (not required for SRO Developments);

(vi) Exhaust/vent fans (vented to the outside) in bathrooms;

(vii) Energy-Star or equivalently rated ceiling fans in living areas and bedrooms; and

(viii) Energy-Star or equivalently rated lighting in all Units, which may include compact florescent bulbs.

(C) A certification that the Development will meet the minimum threshold for size of Units as provided in clauses (i) - (v) of this subparagraph. These minimum requirements are not associated with the Selection Criteria points in subsection (i) of this section. Developments proposing Rehabilitation (excluding Reconstruction) or Single Room Occupancy will not be subject to the requirements of this subparagraph.

(i) 550 square feet for an efficiency Unit;

(ii) 650 square feet for a ~~non-elderly~~ one Bedroom Unit that is not in a Qualified Elderly Development; 550 square feet ~~for an elderly~~ one Bedroom Unit in a Qualified Elderly Development;

(iii) 900 square feet for a ~~non-elderly~~ two Bedroom Unit that is not in a Qualified Elderly Development; 700 square feet ~~for an elderly~~ two Bedroom Unit in a Qualified Elderly Development;

(iv) 1,000 square feet for a three Bedroom Unit; and

(v) 1,200 square feet for a four Bedroom Unit.

(D) A certification that the Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or if no local building codes are in place then to the most recent version of the International Building Code.

(E) A certification that the Applicant is in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), and the Fair Housing Amendments Act of 1988 (42 U.S.C. §§3601 et seq.); the Civil Rights Act of 1964 (42 U.S.C. §§2000a et seq.); the Americans with Disabilities Act of 1990 (42 U.S.C. §§12101 et seq.); the Rehabilitation Act of 1973 (29 U.S.C. §§701 et seq.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

(F) A certification that the Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses, and that the Applicant will submit a report at least once in each 90-day period following the date of the Commitment Notice until the Cost Certification is submitted, in a format prescribed by the Department and provided at the time a Commitment Notice is received, on the percentage of businesses with which the Applicant has contracted that qualify as Minority Owned Businesses. (§2306.6734)

(G) Pursuant to §2306.6722, any Development supported with a Housing Tax Credit allocation shall comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from the Development engineer, an accredited architect or Department-approved third party accessibility specialist, that the Development will comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C and this subparagraph. (§2306.6722 and §2306.6730)

(H) For Developments involving New Construction (excluding New Construction of non-residential buildings) where some Units are two-stories or single family design and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist.

(I) A certification that the Development will be equipped with energy saving devices that meet the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a Development involving historic preservation. All Units must be air-conditioned. The measures must be certified by the Development architect as being included in the design of each tax credit Unit at the time the 10% Test Documentation is submitted and in actual construction upon Cost Certification. (§2306.6725(b)(1))

(J) A certification that the Development will be built by a General Contractor that satisfies the requirements of the General Appropriation Act, Article VII, Rider 8(c) applicable to the Department which requires that the General Contractor hired by the Development Owner or the Applicant, if the Applicant serves as General Contractor, must demonstrate a history of constructing similar types of housing without the use of federal tax credits.

(K) A certification that the Development Owner agrees to establish a reserve account consistent with §2306.186, Texas Government Code and as further described in §1.37 of this title.

(L) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a Neighborhood Organization for purposes of subsection (i)(2) of this section, has not given money or a gift to cause the Neighborhood Organization to take its position of support or opposition, nor has provided any assistance to a Neighborhood Organization to meet the requirements under subsection (i)(2) of this section which are not allowed under that subsection, as it relates to the Applicant's Application or any other Application under consideration in ~~2009~~2010.

(M) Operate in accordance with the requirements pertaining to rental assistance in Chapter 60 of this title.

(N) A certification that the Development Owner will contract with a Management Company throughout the Compliance Period that will perform criminal background checks on all adult tenants, head and co-head of households.

(5) Design Items. This exhibit will provide:

(A) All of the architectural drawings identified in clauses (i) - (iii) of this subparagraph. While full size design or construction documents are not required, the drawings must have an accurate and legible scale and show the dimensions. All Developments involving New Construction, or conversion of existing buildings not configured in the Unit pattern proposed in the Application, must provide all of the items identified in clauses (i) - (iii) of this subparagraph. For Developments involving Rehabilitation for which the Unit configurations are not being altered, only the items identified in clauses (i) and (iii) of this subparagraph are required:

(i) A site plan which:

(I) Is consistent with the number of Units and Unit mix specified in the "Rent Schedule" provided in the Application;

(II) Is consistent with the number of buildings and building type/unit mix specified in the "Building/Unit Configuration" provided in the Application; and

(III) Identifies all residential and common buildings;

(ii) Floor plans and elevations for each type of residential building and each common area building clearly depicting the height of each floor and a percentage estimate of the exterior composition. Adaptive Reuse Developments, are only required to provide building plans delineating each unit by number, type and area consistent with those in the "Rent Schedule" and pictures of each elevation of the existing building depicting the height of each floor and percentage estimate of the exterior composition; and

(iii) Unit floor plans for each type of Unit. The ~~n~~Net ~~r~~Rentable ~~a~~Areas these Unit floor plans represent should be consistent with those shown in the "Rent Schedule" and "Building/Unit Configuration" provided in the Application. Adaptive Reuse Developments, are only required to provide Unit floor plans for each distinct typical Unit type (i.e. one-bedroom, two-bedroom) and for all Units types that vary in ~~area~~Net Rentable Area by 10% from the typical Unit; and

(B) A boundary survey of the proposed Development Site and of the property to be purchased. In cases where more property is purchased than the proposed Development Site, the survey or plat must show the survey calls for both the larger site and the Development Site. The survey must clearly delineate the flood plain boundary lines and show all easements. The survey does not have to be recent; but it must show the property purchased and the property proposed for the Development Site. In cases where the Development Site is only a part of the site being purchased, the depiction or drawing of the Development Site may be professionally compiled and drawn by an architect, engineer or surveyor.

(6) Evidence of the Development's development costs and corresponding credit request and syndication information as described in subparagraphs (A) - (G) of this paragraph.

(A) A written narrative describing the financing plan for the Development, including any non-traditional financing arrangements; the use of funds with respect to the Development; the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and the commitment status of the funding sources for the Development. This information must be consistent with the information provided throughout the Application. (§2306.6705(1))

(B) All Developments must submit the "Development Cost Schedule" provided in the Application. This exhibit must have been prepared and executed not more than six (6) months prior to the close of the Application Acceptance Period.

(C) Provide a letter of commitment from a syndicator that, at a minimum, provides an estimate of the amount of equity dollars expected to be raised for the Development in conjunction with the amount of Housing Tax Credits requested for allocation to the Development Owner, including pay-in schedules, syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis. (§2306.6705(2) and (3))

(D) For Developments located in a Qualified Census Tract (QCT) as determined by the Secretary of HUD or otherwise qualifying for a 30% increase in Eligible Basis, pursuant to the Code, §42(d)(5)(C) or §~~49.~~50.6(h)(3) and (4) of this chapter, if permitted under §~~49.~~50.6(h) of this chapter, Applicants must submit a copy of the census map clearly showing that the proposed Development is located within a QCT. Census tract numbers must be clearly marked on the map, and must be identical to the QCT number stated in the Department's Reference Manual.

(E) Rehabilitation Developments (including reconstruction) and Adaptive Reuse must submit a Property Condition Assessment meeting the requirements of paragraph (14)(C) of this subsection.

(F) If offsite costs are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the supplemental form "Off Site Cost Breakdown" must be provided.

(G) If projected site work costs include unusual or extraordinary items or exceed $9,000 per Unit, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible.

(7) Evidence of readiness to proceed as evidenced by at least one of the items under each of subparagraphs (A) - (D) of this paragraph:

(A) Evidence of Property control in the name of the Development Owner. If the evidence is not in the name of the Development Owner, then the documentation should reflect an expressed ability to transfer the rights to the Development Owner. All of the sellers of the proposed Property for the thirty-six (36) months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development team must be identified at the time of Application (not required at Pre-Application). One of the following items described in clauses (i) - (iii) of this subparagraph must be provided, and if the acquisition can be characterized as an identity of interest transaction as described in §1.32 of this title, items described in clause (iv) of this subparagraph must also be provided:

(i) A recorded warranty deed with corresponding executed settlement statement, unless required to submit items under clause (iv) of this subparagraph; or

(ii) A contract for lease (the minimum term of the lease must be at least forty-five (45) years) which is valid for the entire period the Development is under consideration for tax credits; or

(iii) A contract for sale, an exclusive option to purchase or a lease which is valid for the entire period the Development is under consideration for tax credits. For Tax Exempt Bond Development Applications, site control must be valid through December 1, 2008 with option to extend through March 1, ~~2009~~2010 (Applications submitted for lottery) or ninety (90) days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting at which the award of Housing Tax Credits will be considered (Applications not submitted for lottery). The potential expiration of site control does not warrant the Application being presented to the TDHCA Board prior to the scheduled meeting.

(iv) If the acquisition can be characterized as an identity of interest transaction, as described in §1.32 of this title, subclauses (I) - (III) of this clause, the Applicant must provide (not required at Pre-Application):

(I) Documentation of the original acquisition cost in the form of a settlement statement or, if a settlement statement is not available, the seller's most recent audited financial statement specifically indicating the asset value for the Development Site; and

(II) If the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the Application;

(-a-) An appraisal meeting the requirements of paragraph (14)(D) of this subsection; and

(-b-) Any other verifiable costs of owning, holding, or improving the Property that, when added to the value from subclause (I) of this clause, justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the property, the cost of rezoning, replatting or developing the property, or any costs to provide or improve access to the property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the property and avoid foreclosure.

(III) In no instance will the acquisition cost utilized by the underwriter exceed the lesser of the original acquisition cost evidenced by subclause (I) of this clause plus costs identified in subclause (II)(-b-) of this clause, or the "as-is" value conclusion evidenced by subclause (II)(-a-) of this clause.

(v) As described in clauses (ii) and (iii) of this subparagraph, property control must be continuous. Closing on the property is acceptable, as long as evidence is provided that there was no period in which control was not retained.

(B) Evidence from the appropriate local municipal authority that satisfies one of clauses (i) - (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than six (6) months prior to the close of the Application Acceptance Period. (§2306.6705(5))

(i) For New Construction, Adaptive Reuse or reconstruction Developments, a letter from the chief executive officer of the Local Political Subdivision or another local official with appropriate jurisdiction stating that (For Tax-Exempt Bond Applications the items in subclauses (I) - (III) of this clause must be submitted no later than fourteen (14) days prior to the Board meeting when the housing tax credits will be considered):

(I) The Development is located within the boundaries of a Local Political Subdivision which does not have a zoning ordinance; and either subclause (II) or (III) of this clause;

(II) The letter must state that the Development is consistent with a local consolidated plan, comprehensive plan, or other local planning document that addresses affordable housing; or

(III) The letter must state that there is a need for affordable housing, if no such planning document exists.

(ii) For New Construction or reconstruction Developments, a letter from the chief executive officer of the Local Political Subdivision or another local official with appropriate jurisdiction stating that:

(I) The Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development; or

(II) The Applicant is in the process of seeking the appropriate zoning and has signed and provided to the political subdivision a release agreeing to hold the political subdivision and all other parties harmless in the event that the appropriate zoning is denied (§2306.6705(1)(B)). The Applicant must also provide at the time of Application a copy of the application for appropriate zoning filed with the local entity responsible for zoning approval and proof of delivery of that application in the form of a signed certified mail receipt, signed overnight mail receipt, or confirmation letter from said official. Final approval of appropriate zoning must be achieved and documentation of acceptable zoning for the Development, as proposed in the Application, must be provided to the Department at the time the Commitment Fee, or Determination Notice Fee, is paid. If this evidence is not provided with the Commitment Fee, any commitment of credits will be rescinded. No extensions may be requested for the deadline for submitting evidence of final approval of appropriate zoning.

(iii) For Rehabilitation Developments, if the property is currently a non-conforming use as presently zoned, a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction which addresses the items in subclauses (I) - (IV) of this clause:

(I) A detailed narrative of the nature of non-conformance;

(II) The applicable destruction threshold;

(III) Owner's rights to reconstruct in the event of damage; and

(IV) Penalties for noncompliance.

C) Evidence of interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application. Any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g) of the Code. The income and corresponding rent restrictions will be imposed by the Housing Tax Credit LURA and monitored throughout the extended use period. Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in clauses (i) - (iv) of this subparagraph:

(i) Bona fide financing in place as evidenced by:

(I) A valid and binding loan agreement; and

(II) Deed(s) of trust in the name of the Development Owner as grantor; or

(III) For TRDO-USDA §515 Developments involving, an executed TRDO-USDA letter indicating TRDO-USDA has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR §3560.406 and a copy of the original loan documents; or

(ii) Bona fide commitment or term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money which is addressed to the Development Owner and which has been executed by the lender (the term of the loan must be for a minimum of fifteen (15) years with at least a thirty (30) year amortization). The commitment must state an expiration date and all the terms and conditions applicable to the financing including the mechanism for determining the interest rate, if applicable, and the anticipated interest rate and any required Guarantors. Such a commitment may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits; or

(iii) Any Federal, State or local gap financing, whether of soft or hard debt, must be identified at the time of Application as evidenced by:

(I) Evidence from the lending agency that an application for funding has been made~~ or from the Applicant indicating an intent to apply for funding~~; and

(II) A term sheet which clearly describes the amount and terms of the funding, and the date by which the funding determination will be made and any commitment issued, must be submitted; and

(III) Evidence of application for funding from another Department program is not required except as indicated on the Uniform Application, as long as the Department funding is on a concurrent funding period with the Application submitted and the Applicant clearly indicates that such an Application has been filed as required by the Application Submission Procedures Manual; and

(IV) If the commitment from any funding source identified in this subparagraph has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the funding source, the Commitment Notice may be rescinded; or

(iv) If the Development will be financed through more than 5% of Development Owner contributions, provide a letter from an Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development Owner. Documentation must have been prepared and executed not more than six (6) months prior to the close of the Application Acceptance Period.

(D) Provide the documents in clauses (i) - (iii) of this subparagraph:

(i) A copy of the full legal description for the Development Site; and

(ii) A current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the Development Site (unless the site is located on land that is not subject to federal, state or local property taxes); and

(iii) A copy of:

(I) The current title policy (or title status report if on Tribal Land) which shows that the ownership (or leasehold) of the Development Site is vested in the name of the Development Owner; or

(II) a current title commitment with the proposed insured matching the name of the Development Owner and the title of the Development Site vested in the name of the seller or lessor as indicated on the sales contract, option or lease;

(III) If the title policy, title status report, or commitment is more than six (6) months old as of the day the Application Acceptance Period closes, then a letter from the title company/Bureau of Indian Affairs indicating that nothing further has transpired on the policy, title status report or commitment.

(8) Evidence in the form of a certification of all of the notifications described in the subparagraphs of this paragraph. Such notices must be prepared in accordance with the "Public Notifications" certification provided in the Application.

(A) Evidence in the form of a certification that the Applicant met the requirements and deadlines identified in clauses (i) - (iii) of this subparagraph. Notification must not be older than three (3) months from the first day of the Application Acceptance Period. (§2306.6705(9)). If evidence of these notifications was submitted with the Pre-Application Threshold for the same Application and satisfied the Department's review of Pre-Application Threshold, then no additional notification is required at Application, except that re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from Pre-Application to Application or as a result of an Administrative Deficiency that reflects a total Unit increase of greater than 10%, a total increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, Intergenerational Housing or family). For Applications submitted for Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notifications and proof thereof must not be older than three (3) months prior to the date the Volume III of the Application is submitted.

(i) The Applicant must request a list of Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials as follows:

(I) No later than January 20, ~~2009~~2010 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Applications, Rural Rescue, or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., not later than fourteen (14) days prior to submission of the Threshold documentation), the Applicant must e-mail, fax or mail with registered receipt a completed "Neighborhood Organization Request" letter as provided in the Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request Neighborhood Organizations from that source in the same format;

(II) If no reply letter is received from the local elected officials by February ~~20~~19, ~~2009~~2010 (or For Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by seven (7) days prior to the submission of the Application), then the Applicant must certify to that fact in the "Application Notification Certification Form" provided in the Application;

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the submission of the Application, in the "Application Notification Certification Form" provided in the Application.

(ii) Not later than the date the Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism e-mail, fax or mail with registered receipt in the format required in the "Application Notification Template" provided in the Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials, however, are required to notify county officials. Evidence of Notification is required in the form of a certification in the "Application Notification Certification Form" provided in the Application, although it is encouraged that Applicants retain proof of delivery of the notifications, to the persons or entities prescribed in subclauses (I) - (IX) of this clause, in the event that the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Application is submitted.

(I) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in clause (i)(III) of this subparagraph.

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of the Governing Body of any municipality containing the Development;

(V) All elected members of the Governing Body of any municipality containing the Development;

(VI) Presiding officer of the Governing Body of the county containing the Development;

(VII) All elected members of the Governing Body of the county containing the Development;

(VIII) State senator of the district containing the Development; and

(IX) State representative of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction, reconstruction, Adaptive Reuse or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, high-rise etc.) and population being served (family, Intergenerational Housing or elderly);

(VI) The approximate total number of Units and approximate total number of low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the approximate percentage of Units that are market rate;

(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Application, which are subject to change as annual changes in the area median income occur; and

(IX) The expected completion date if credits are awarded.

(B) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development Site prior to the date the Application is submitted unless prohibited by local ordinance or code or restrictive covenants. Scattered site Developments must install a sign on each non-contiguous Development Site. For Competitive Housing Tax Credit Applications the date, time and location of the public hearing, as published by the Department and closest to the Development Site, must be included on the sign. For Tax-Exempt Bond Developments, regardless of the Priority of the Application or the Issuer, the sign must be installed within thirty (30) days of the Department's receipt of Volumes I and II. The date, time and location of the bond Tax Exempt Fiscal Responsibility Act (TEFRA) public hearing must be included on the sign no later than thirty (30) days prior to the scheduled public hearing. Evidence submitted with the Application must include photographs of the site with the installed sign. The sign must be at least 4 feet by 8 feet in size and located within twenty feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day that the Board takes final action on the Application for the Development. The information and lettering on the sign must meet the minimum requirements identified in the Application. For Tax-Exempt Bond Developments, regardless of the issuer, the Applicant must certify to the fact that the sign was installed within thirty (30) days of submission and the date, time and location of the TEFRA hearing is indicated on the sign at least thirty (30) days prior to the date of the scheduled hearing. In areas where the Public Notification Sign is prohibited by local ordinance or code or restrictive covenant, an alternative to installing a Public Notification Sign and at the same required time, the Applicant shall, mail written notification to those addresses described in either clause (i) or (ii) of this subparagraph. This written notification must include the information otherwise required for the sign as provided in the Application. The final Application must include a map of the proposed Development Site and mark the distance required by clause (i) or (ii) of this subparagraph, up to 1,000 feet, showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. If Public Notification Sign is prohibited by local ordinance or code or restrictive covenant, evidence of the applicable ordinance or code or restrictive covenant must be submitted in the Application.

(i) All addresses required for notification by local zoning notification requirements. For example, if the local zoning notification requirement is notification to all those addresses within 200 feet, then that would be the distance used for this purpose; or

(ii) For Developments located in communities that do not have zoning, communities that do not require a zoning notification or those located outside of a municipality, all addresses located within 1,000 feet of any part of the proposed Development Site.

(C) If any of the Units in the Development are occupied at the time of Application, then the Applicant must certify that it has notified each tenant at the Development of all the information otherwise required on the sign, including the Department's public hearing schedule for comment on submitted Applications.

(9) Evidence of the Development's proposed ownership structure and the Applicant's previous experience as described in subparagraphs (A) - (D) of this paragraph.

(A) Chart which clearly illustrates the complete organizational structure of the final proposed Development Owner and of any Developer or Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner or the Developer or Guarantor, as applicable, whether directly or through one or more subsidiaries. Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must be included in this exhibit and trusts must list all beneficiaries or provide evidence that the structure of the trust does not allow the beneficiaries to access the funds of the trust.

(B) Each Applicant, Development Owner, Developer or Guarantor, or any entity shown on an organizational chart as described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, shall provide the following documentation, as applicable:

(i) For entities that are not yet formed but are to be formed either in or outside of the state of Texas, a certificate of reservation of the entity name from the Texas Secretary of State; or

(ii) For existing entities whether formed in or outside of the state of Texas, evidence that the entity has the authority to do business in Texas or has applied for such authority in the form of a Certificate of Filing from the Texas Secretary of State.

(C) Evidence that each entity shown on the organizational chart described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, has provided a copy of the completed and executed Previous Participation and Background Certification Form to the Department. Nonprofit entities, public housing authorities and publicly traded corporations are required to submit documentation for the entities involved; documentation for individual board members and executive directors is required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. The 2010~~9~~ versions of these forms, as required in the Uniform Application, must be submitted. Units of local government are also required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Person. All participation in any TDHCA funded or monitored activity, including non-housing activities, must be disclosed.

(D) Evidence, in the form of a certification, that one of the Development Owner's General Partners, the Developer or their Principals has a record of successfully constructing or developing residential units in the capacity of owner, General Partner or Developer. Evidence must be a certification from the Department that the Person with the experience satisfies this exhibit, as further described under subsection (g)(1) of this section. Applicants must request this certification at least fourteen (14) days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification appears in the organizational chart provided in subparagraph (A) of this paragraph.

10) Evidence of the Development's projected income and operating expenses as described in subparagraphs (A) - (D) of this paragraph:

(A) All Developments must provide a 30-year proforma estimate of operating expenses and supporting documentation used to generate projections (operating statements from comparable properties);

(B) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds or proof of application for such funds must be provided, which at a minimum identifies the source and annual amount of the funds, the number of Units receiving the funds, and the term and expiration date of the contract or other agreement; (§2306.6705(4))

(C) Applicant must provide documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate;

(D) Occupied Developments undergoing Rehabilitation must also submit the items described in clauses (i) - (iv) of this subparagraph;

(i) The items in subclauses (I) and (II) of this clause are required unless the current property owner is unwilling to provide the required documentation. In that case, submit a signed statement as to the Applicant's inability to provide all documentation as described;

(I) Submit at least one of the following:

(-a-) Historical monthly operating statements of the subject Development for twelve (12) consecutive months ending not more than three (3) months from the first day of the Application Acceptance Period;

(-b-) The two most recent consecutive annual operating statement summaries;

(-c-) The most recent consecutive six (6) months of operating statements and the most recent available annual operating summary;

(-d-) All monthly or annual operating summaries available and a written statement from the seller refusing to supply any other summaries or expressing the inability to supply any other summaries, and any other supporting documentation used to generate projections may be provided; and

(II) A rent roll not more than six (6) months old as of the first day the Application Acceptance Period, that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, tenant names or vacancy, and dates of first occupancy and expiration of lease;

(ii) A written explanation of the process used to notify and consult with the tenants in preparing the Application; (§2306.6705(6))

(iii) For Intergenerational Housing Applications or Qualified Elderly Developments, identification of the number of existing tenants qualified under the target population elected under this title;

(iv) A relocation plan outlining relocation requirements and a budget with an identified funding source; and (§2306.6705(6))

(v) If applicable, evidence that the relocation plan has been submitted to the appropriate legal or governmental agency. (§2306.6705(6))

(11) Applications involving Nonprofit General Partners and Qualified Nonprofit Developments.

(A) All Applications involving a nonprofit General Partner, regardless of the Set-Aside applied under, in which the Development will receive some financial or tax benefit for the involvement of the nonprofit General Partner, must submit all of the documents described in clauses (i) and (ii) of this subparagraph and indicate the nonprofit status on the carryover documentation and IRS Forms 8609: (§2306.6706)

(i) An IRS determination letter which states that the nonprofit organization is a §501(c)(3) or (4) entity; and

(ii) The "Nonprofit Participation Exhibit."

(B) Additionally, all Applications applying under the Nonprofit Set-Aside, established under §~~49.~~50.7(b)(1) of this chapter, must also provide the following information with respect to the Qualified Nonprofit Organization as described in clauses (i) - (iii) of this subparagraph.

(i) A Third Party legal opinion stating:

(I) That the nonprofit organization is not affiliated with or Controlled by a for-profit organization and the basis for that opinion; and

(II) That the nonprofit organization is eligible, as further described, for a Housing Credit Allocation from the Nonprofit Set-Aside and the basis for that opinion. Eligibility is contingent upon the non-profit organization Controlling the Development, or if the organization's Application is filed on behalf of a limited partnership, or limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member; and otherwise meet the requirements of the Code, §42(h)(5); and

(III) That one of the exempt purposes of the nonprofit organization is to provide low-income housing; and

(IV) That the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board; and

(V) That the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit Affiliate or subsidiary be the Developer or co-Developer as evidenced in the development agreement; and

(ii) A copy of the nonprofit organization's most recent audited financial statement; and

(iii) Evidence in the form of a certification that a majority of the members of the nonprofit organization's board of directors principally reside:

(I) In this state, if the Development is located in a Rural Area; or

(II) Not more than ninety (90) miles from the Development, if the Development is not located in a Rural Area.

(12) Applicants applying for acquisition credits must provide:

(A) An appraisal meeting the requirements of paragraph (14)(D) of this subsection; and

(B) An "Acquisition of Existing Buildings Form."

(13) ~~Evidence of Financial Statement and~~ Authorization to Release Credit Information. The ~~financial statements and~~ authorization to release credit information must be unbound and clearly labeled. An ~~"Financial Statement and~~ Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has an ownership interest of 10% or more in the Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit.

~~(A) Financial statements for an individual must not be older than six (6) months from the first day of the Application Acceptance Period.~~

~~(B) Financial statements for partnerships or corporations should be for the most recent fiscal year ended ninety (90) days from the first day of the Application Acceptance Period. An audited financial statement should be provided, if available, and all partnership or corporate financials must be certified. Financial statements are required for an entity even if the entity is wholly-owned by a Person who has submitted this document as an individual.~~

~~(C) Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case.~~

(14) Supplemental Threshold Reports. All Applications must include documents under subparagraphs (A) and (B) of this paragraph. If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraph (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. All submissions must meet the requirements stated in subparagraphs (E) - (G) of this paragraph.

(A) A Phase I Environmental Site Assessment (ESA) report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than twelve (12) months prior to the first day of the Application Acceptance Period. In the event that a Phase I Environmental Site Assessment on the Development is more than twelve (12) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated letter or updated report dated not more than three (3) months prior to the first day of the Application Acceptance Period from the Person or organization which prepared the initial assessment confirming that the site has been re-inspected and reaffirming the conclusions of the initial report or identifying the changes since the initial report;

(iii) Prepared in accordance with the Department's Environmental Site Assessment Rules and Guidelines, §1.35 of this title; and

(iv) Developments whose funds have been obligated by TRDO-USDA will not be required to supply this information; however, the Applicants of such Developments are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(B) A comprehensive Market Analysis report:

(i) Prepared by a Third Party Qualified Market Analyst approved by the Department in accordance with the approval process outlined in the Market Analysis Rules and Guidelines, §1.33 of this title;

(ii) Dated not more than six (6) months prior to the first day of the Application Acceptance Period. In the event that a Market Analysis is more than six (6) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however the Department will not accept any Market Analysis which is more than twelve (12) months old as of the first day of the Application Acceptance Period;

(iii) Prepared in accordance with the methodology prescribed in the Department's Market Analysis Rules and Guidelines, §1.33 of this title; and

(iv) For Applications in the TRDO-USDA Set-Aside proposing acquisition and Rehabilitation with residential structures at or above 80% occupancy at the time of Application Submission, the appraisal, required under paragraph (7) or (12) of this subsection and prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title, will satisfy the requirement for a Market Analysis; however the Department may request additional information as needed. (§2306.67055, §42(m)(1)(A)(iii))

(C) A Property Condition Assessment (PCA) report (required for Rehabilitation, reconstruction and Adaptive Reuse Developments):

(i) Prepared by a qualified Third Party;

(ii) Dated not more than six (6) months prior to the first day of the Application Acceptance Period;

(iii) Prepared in accordance with the Department's Property Condition and Assessment Rules and Guidelines, §1.36 of this title; and

(iv) For Developments which require a capital needs assessment from TRDO-USDA, the capital needs assessment may be substituted and may be more than six (6) months old, as long as TRDO-USDA has confirmed in writing that the existing capital needs assessment is still acceptable and it meets the requirements of §1.36 of this title.

(D) An appraisal report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than six (6) months prior to the first day of the Application Acceptance Period. In the event that an appraisal is more than six (6) months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated appraisal from the Person or organization which prepared the initial report; however the Department will not accept any appraisal which is more than twelve (12) months old as of the first day of the Application Acceptance Period;

(iii) Prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title; and

(iv) For Developments that require an appraisal from TRDO-USDA, the appraisal may be more than six (6) months old, as long as TRDO-USDA has confirmed in writing that the existing appraisal is still acceptable.

(E) Inserted at the front of each of these reports must be a transmittal letter from the individual preparing the report that states that the Department is granted full authority to rely on the findings and conclusions of the report. The transmittal letter must also state the report preparer has read and understood the Department rules specific to the report found at §§1.33 - 1.36 of this title.

(F) All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the report. The Department may determine from time to time that information not required in the Department's Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the report provider or revisions to the report to meet this need. In instances of non-response by the report provider, the Department may substitute in-house analysis.

(G) The requirements for each of the reports identified in subparagraphs (A) - (C) of this paragraph can be satisfied in either of the methods identified in clause (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

(i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety; or

(ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April 1, ~~2009~~2010. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CDT, April 1, ~~2009~~2010. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration;

(iii) A single hard copy of the report and a searchable soft copy in the format of a single file containing all information and exhibits in the hard copy report, presented in the order they appear in the hard copy report on a CD-R clearly labeled with the report type, Development name, and Development location are required.

(15) Self-Scoring. Applicant's self-score must be completed on the "Application Self-Scoring Form." An Applicant may not adjust the Application Self Scoring Form, after the submission of the Application, without a request from the Department as a result of an Administrative Deficiency.

(i) **Selection Criteria**. All Applications will be scored and ranked using the point system identified in this subsection. Unless otherwise stated, do not round calculations. Points other than those provided in paragraphs (2) and (6) of this subsection will not be awarded unless requested in the Self Scoring Form. All Applications, with the exception of TRDO-USDA Applications, must receive a final score totaling a minimum of 118, not including any points awarded or deducted pursuant to paragraphs (2) and (6) of this subsection to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: 240.

(1) Financial Feasibility of the Development. Financial Feasibility of the Development based on the supporting financial data required in the Application that will include a Development underwriting pro forma from the permanent or construction lender. (§2306.6710(b)(1)(A)). Applications may qualify to receive 28 points for this item. No partial points will be awarded. Evidence will include the documentation required for this exhibit, as reflected in the Application submitted, in addition to the commitment letter required under subsection (h)(7)(C) of this section. The supporting financial data shall include:

(A) A fifteen year pro forma prepared by the permanent or construction lender:

(i) Specifically identifying each of the first five (5) years and every fifth year thereafter;

(ii) Specifically identifying underlying assumptions including, but not limited to general growth factor applied to income and expense; and

(iii) Indicating that the Development maintains a minimum 1.15 debt coverage ratio throughout the initial fifteen (15) years proposed for all third party lenders that require scheduled repayment; and

(B) A statement in the commitment letter, or other form deemed acceptable by the Department, indicating that the lender's assessment finds that the Development will be feasible for fifteen (15) years.

(C) For Developments receiving financing from TRDO-USDA, the form entitled "Sources and Uses Comprehensive Evaluation for Multi-Family Housing Loans" or other form deemed acceptable by the Department shall meet the requirements of this section.

(2) Quantifiable Community Participation from Neighborhood Organizations on Record with the State or County and Whose Boundaries Contain the Proposed Development Site. Points will be awarded based on written statements of support or opposition from Neighborhood Organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site. (§2306.6710(b)(1)(B); §2306.6725(a)(2)). It is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the process utilized for notification purposes under subsection (h)(8)(A)(ii) of this section if the organization provides the information and documentation required in subparagraphs (A) - (C) of this paragraph. It is also possible that neighborhood organizations that were initially identified as appropriate organizations for purposes of the notification requirements will subsequently be determined by the Department not to meet the requirements for scoring. If an organization is determined not to be qualified under this paragraph, the organization may qualify under paragraph (18)(B) of this subsection.

(A) Basic Submission Requirements for Scoring. Each Neighborhood Organization may submit one letter (and enclosures) that represents the organization's input. In order to receive a point score, the letter (and enclosures) must be received, by the Department, or postmarked, if mailed by the U.S. Postal Service, no later than ~~February 27, 2009~~March 1, 2010, for letters relating to Applications that submitted a Pre-Application, or April 1, ~~2009~~2010 if a Pre-Application was not submitted. Letters should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Director of Multifamily Finance (Neighborhood Input)." Letters received after the applicable deadline will be summarized for the Board's information and consideration, but will not affect the score for the Application. The organization's letter (and enclosures) must:

(i) State the name and location of the proposed single Development;

(ii) Certify that the letter is signed by the persons with the authority to sign on behalf of the neighborhood organization, and provide:

(I) the street and/or mailing addresses;

(II) day and evening phone numbers;

(III) and e-mail addresses and/or facsimile numbers for the signers of the letter and one additional contact for the organization;

(IV) the minutes from the meeting at which the decision to support or oppose the development was made, identifying the section in the minutes where the decision was recorded;

(V) a list of the organization's membership that includes the name, address and email or telephone number for each member.

(iii) Certify that the organization has boundaries, and that the boundaries in effect ~~February 27, 2009~~March 1, 2010 contain the proposed Development Site;

(iv) Certify that the organization meets the definition of "Neighborhood Organization" as defined in §~~49.~~50.3(63) of this chapter. For the purposes of this section, a "Neighborhood Organization" is defined as an organization of persons living near one another within the organization's defined boundaries in effect ~~February 27, 2009~~March 1, 2010 that contain the proposed Development site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. "Neighborhood Organizations" include homeowners associations, property owners associations, and resident councils in which the council is commenting on the Rehabilitation or reconstruction of the property occupied by the residents. "Neighborhood Organizations" do not include broader based "community" organizations;

(v) Include documentation showing that the organization is on record as of ~~February 27, 2009~~March 1, 2010 with the state or county in which the Development is proposed to be located. The receipt of a QCP letter, by the Department on or before ~~February 27, 2009~~March 1, 2010, that meets the requirements outlined in the QCP neighborhood information packet and the 201~~09~~ QAP, will constitute being on record with the State. The Neighborhood Organization letter must be signed by two officials or board members of the Neighborhood Organization and must include in its letter, a contact name with a mailing address and phone number of the persons signing the letter; one additional contact for the organization a written description and map of the organization's geographical boundaries; and proof that the boundaries described were in effect as of ~~February 27, 2009~~March 1, 2010. This request must be received no later than ~~February 27, 2009~~March 1, 2010. Acceptance of this documentation will be subject to Department approval. The Department is permitted to issue a deficiency notice for this registration process and if satisfied, the organization will still be deemed to be timely placed on record with the state;

(vi) Accurately certify that the Neighborhood Organization was not formed by any Applicant, Developer, or any seller of the land comprising the development site, any employee or agent of any Applicant ~~(the seller of land is not considered, with the exception of an identity of interest, to be an agent of the Application)~~ in the 2010~~9~~ Competitive Housing Tax Credit Application Round, that the organization and any member did not accept money or a gift to cause the Neighborhood Organization to take its position of support or opposition, and has not provided any assistance other than education and information sharing to the Neighborhood Organization to meet the requirements of this subparagraph for any Application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the Neighborhood Organization, or referring the Neighborhood Organization to TDHCA staff for guidance). Applicants may not provide any "production" assistance to meet these requirements for any Application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter for the purposes of this subparagraph). Any deficiency notices issued to the Neighborhood Organization will also be sent to the Applicant for information purposes only. Applicants may not provide delivery assistance of any communication between the Neighborhood Organization and the Department and Applicants may not assist the Neighborhood Organization in preparing its response to a deficiency notice. Applicants may provide information about the deficiency notice process or deadlines to a Neighborhood Organization;

(vii) Accurately certify that all residents within the Neighborhood Organization's defined boundaries were offered membership in the Neighborhood Organization;

(viii) While not required, the organization is encouraged to hold a meeting to which all the members of the organization are invited to consider whether the organization should support, oppose, or be neutral on the proposed Development, and to have the membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. The organization is also encouraged to invite the Developer or Applicant to this meeting; and

(~~vii~~ix) Letters from Neighborhood Organizations, and subsequent correspondence from Neighborhood Organizations, may not be provided via the Applicant which includes facsimile and e-mail communication.

(B) Scoring of Letters (and Enclosures). The input must clearly and concisely state each reason for the Neighborhood Organization's support for or opposition to the proposed Development.

(i) The score awarded for each letter for this exhibit will range from a maximum of +24 for the position support to +12 for the neutral position to 0 for a position of opposition. The number of points to be allocated to each organization's letter will be based on the organization's letter and evidence enclosed with the letter. The final score will be determined by the Executive Director. The Department may investigate a matter and contact the Applicant and Neighborhood Organizations for more information. The Department may consider any relevant information specified in letters from other Neighborhood Organizations regarding a Development in determining a score.

(ii) The Department highly values quality public input addressed to the merits of a Development. Input that points out matters that are specific to the neighborhood, the proposed site, the proposed Development, or Developer are valued. If a proposed Development is permitted by the existing or pending zoning or absence of zoning, concerns addressed by the allowable land use that are related to any multifamily development may generally be considered to have been addressed at the local level through the land use planning process. Input concerning positive efforts or the lack of efforts by the Applicant to inform and communicate with the neighborhood about the proposed Development is highly valued. If the Neighborhood Organization refuses to communicate with the Applicant the efforts of the Applicant will not be considered negative. Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered.

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

(I) Establish at least one reason for support or opposition will be scored the maximum points for either support (+24 points) or opposition (zero); or

(II) That do not establish a reason for support or opposition or that are unclear will be considered ineligible and scored as neutral (+12 points).

(iv) If an Application receives multiple eligible letters, the average score of all eligible letters will be applied to the Application.

(v) Applications for which no letters from Neighborhood Organizations are scored will receive a neutral score of +12 points.

(C) Basic Submission Deficiencies. The Department is authorized but not required to request that the Neighborhood Organization provide additional information or documentation the Department deems relevant to clarify information contained in the organization's letter (and enclosures). If the Department determines to request additional information from an organization, it will do so by e-mail or facsimile to the e-mail addresses or facsimile number provided with the organization's letter. If the deficiencies are not clarified or corrected in the Department's determination within five (5) business days from the date the e-mail or facsimile is sent to the organization, the organization's letter will not be considered further for scoring and the organization will be so advised. This potential deficiency process does not extend any deadline required above for the "Quantifiable Community Participation" process. An organization may not submit additional information or documentation after the applicable deadlines except in response to an e-mail or facsimile from the Department specifically requesting additional information.

(3) The Income Levels of Tenants of the Development. Applications may qualify to receive up to 22 points for qualifying under only one of subparagraphs (A) - (F) of this paragraph. To qualify for these points, the household incomes must not be higher than permitted by the AMGI level (must round to the next highest whole Unit, no less than one Unit). If a Development includes market rate or non-restricted Units, to qualify for these points at least 10% of all the Units that are not Low-Income Units (i.e. market rate or non-restricted Units) in the Development must be set-aside with incomes at or below 80% of AMGI. The Development Owner, upon making selections for this exhibit, will set aside Units at the levels of AMGI and will maintain the percentage of such Units continuously over the compliance and extended use period as specified in the LURA. These income levels require corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. (§§2306.111(g)(3)(B); 2306.111(g)(3)(E); 2306.6710(b)(1)(C); 2306.6710(e); and 42(m)(1)(B)(ii)(I))

(A) 22 points if at least 80% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(B) 22 points if at least 40% of the Low-Income Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Low-Income Units are at or below 30% of AMGI; or

(C) 20 points if at least 60% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(D) 18 points if at least 10% of the Low-Income Units in the Development are set-aside with incomes at or below 30% of AMGI; or

(E) 16 points if at least 40% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(F) 14 points if at least 35% of the Low-Income Units in the Development are set-aside with incomes at or below 50% of AMGI.

(4) The Size and Quality of the Units (Development Characteristics). Applications may qualify to receive up to 20 points. Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph. (§2306.6710(b)(1)(D) and §42(m)(1)(C)(iii))

(A) Size of the Units. Applications may qualify to receive 6 points. The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Six points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction), Developments receiving funding from TRDO-USDA, or Developments proposing Single Room Occupancy without meeting these square footage minimums if requested in the Self Scoring Form. The square feet of all of the Units in the Development, for each type of Unit, must be at least the minimum noted in clauses (i) - (v) of this subparagraph. Changes to an Application during any phase of the review process that decreases the square footage below the minimums noted in clauses (i) - (v) of this subparagraph, will be re-evaluated and may result in a reduction of the Application score.

(i) 600 square feet for an efficiency Unit;

(ii) 700 square feet for a non-elderly one Bedroom Unit; 600 square feet for an elderly one Bedroom Unit;

(iii) 950 square feet for a non-elderly two Bedroom Unit; 750 square feet for an elderly two Bedroom Unit;

(iv) 1,050 square feet for a three Bedroom Unit; and

(v) 1,250 square feet for a four Bedroom Unit.

(B) Quality of the Units. Applications may qualify to receive 14 points. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in clauses (i) - (xix) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have all of the Units located with a specific amenity to count for points. Applications involving Rehabilitation (excluding reconstruction) or Single Room Occupancy may receive 1.5 points for each point item, not to exceed 14 points in total (do not round).

(i) Covered entries (1 point);

(ii) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);

(iii) Microwave ovens (1 point);

(iv) Self-cleaning or continuous cleaning ovens (1 point);

(v) Ceiling fixtures in all rooms (light with ceiling fan in living area and all bedrooms) (1 point);

(vi) Refrigerator with icemaker (1 point);

(vii) Laundry connections (2 points);

(viii) Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets - does not need to be in the Unit but must be on the property site (1 point);

(ix) Laundry equipment (washers and dryers) for each individual unit including a front loading washer and dryer in required UFAS compliant Units (3 points);

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

(xi) Covered patios or covered balconies (1 point);

(xii) Covered parking (including garages) of at least one covered space per Unit (2 points);

(xiii) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (3 points) (Applicants may not select this item if item (xiv) of this subclause is selected);

(xiv) Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (1 point) (Applicants may not select this item if item (xiii) of this subclause is selected);

(xv) Use of energy efficient alternative construction materials (for example, Structural Insulated Panel construction) with wall insulation at a minimum of R-20 (3 points);

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

(xvii) 14 SEER HVAC or evaporative coolers in dry climates for New Construction, Adaptive Reuse, and reconstruction or radiant barrier in the attic for Rehabilitation (excluding reconstruction) (3 points);

(xviii) High Speed Internet service to all Units at no cost to residents (2 points); or

(xix) Fire sprinklers in all Units (2 points).

(5) The Commitment of Development Funding by Local Political Subdivisions. Applications may qualify to receive up to 18 points for qualifying under this paragraph provided for under Development Funding. (§2306.6710(b)(1)(E))

(A) Basic Submission Requirements for Scoring. Evidence of the following must be submitted in accordance with the Application Submission Procedures Manual (ASPM).

(i) The loans, grant(s) or in-kind contribution(s) must be attributed to the Total Housing Development Costs, as defined in this chapter, unless otherwise stipulated in this section.

(ii) An Applicant may submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, if an Applicant is requesting 18 points, five sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost.

(iii) An Applicant may substitute any source in response to a Deficiency Notice or after the Application has been submitted to the Department.

(iv) A loan does not qualify as an eligible source unless it has a minimum term of the later of 1-year or the Placed in Service date, and the interest rate must be at the Applicable Federal Rate (AFR) or below (at the time of loan closing).

(v) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible for points if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development~~ will be acceptable to qualify for these points~~. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed. Donations of land must be under the control of the Applicant, pursuant to subsection (h)(7) of this section to qualify. The value of in-kind contributions may only include the time period between award, or August 2~~1~~, 201~~9~~ and the Development's Placed in Service date, with the exception of contributions of land. The full value of land contributions, as established by the appraisal required pursuant to clause (viii) of this subparagraph will be counted. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute.

(vi) To the extent that a Notice of Funding Availability (NOFA) is released and funds are available, funds from TDHCA's HOME Investment Partnerships (HOME) Program will qualify if a resolution, dated on or before the date the Application Acceptance Period ends, is submitted with the Application from the Governing Body of the Local Political Subdivision authorizing the Applicant to act on behalf of the Governing Body of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular Application. TDHCA's HOME funds may be substituted for a source originally submitted with the Application, provided the HOME funds substituted are from a NOFA released after the Application Acceptance Period ends and a resolution is submitted with the substitution documentation from the Governing Body of the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular Application.

(vii) Development based rental subsidies may qualify under this section if evidence of the remaining value of the contract remaining as of December 31st of the application year is submitted from the Local Political Subdivision. The value of the contract does not include past subsidies.

(viii) Evidence to be submitted with the Application must include a copy of the commitment of funds; a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received~~; or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted, the loan amount to be applied for and the specific proposed terms~~. For in-kind contributions, evidence must be submitted in the Application from Local Political Subdivision substantiating the value of the in-kind contributions. For in-kind contributions of land, evidence of the value of the contribution must be in the form of an appraisal.

(ix) If not already provided, at the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the Governing Body of the Local Political Subdivision for the Development Funding to the Department. If the funding commitment from the Local Political Subdivision has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the Local Political Subdivision's Development Funding, the Commitment Notice will be rescinded and the credits reallocated.

(x) Funding commitments from a Local Political Subdivision will not be considered final unless the Local Political Subdivision attests to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary.

(B) Scoring. Points will be determined on a sliding scale based on the percentage of the Total Housing Development Costs of the Development, as reflected in the in the Development Cost Schedule. If a revised Development Cost Schedule is submitted to the Department in response to a deficiency notice at anytime during the review process, the Revised Development Cost Schedule will be utilized for this calculation, and Applicants will be notified of the revised score, consistent with subsection (e) of this section. Do not round for the following calculations. The "total contribution" is the total combined value of qualifying loan(s), grants or in-kind contributions from a Local Political Subdivision pursuant to subparagraph (A) of this paragraph.

(i) A total contribution equal to or greater than 1% (for Urban Developments) and 0.5% (for Rural Developments and Developments located in non-participating jurisdictions) of the Total Housing Development Cost of the Development receives 6 points; or

(ii) A total contribution equal to or greater than 2.5% (for Urban Developments) and 1.5% (for Rural Developments and Developments located in non-participating jurisdictions) of the Total Housing Development Cost of the Development receives 12 points; or

(iii) A total contribution equal to or greater than 5% (for Urban Developments) and 3% (for Rural Developments and Developments located in non-participating jurisdictions) of the Total Housing Development Cost of the Development receives 18 points.

(6) The Level of Community Support from State Representative or State Senator. The level of community support for the Application, evaluated on the basis of written statements received from the State Representative or State Senator that represents the district containing the proposed Development Site. (§2306.6710(b)(1)(F) and §2306.6725(a)(2)). Applications may qualify to receive 14 points for this item. Letters must identify the specific Development and must clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or the State Representative or Senator on or before 5:00 p.m. (CDT) April 1, ~~2009~~2010. A State Representative or State Senator may withdraw (in writing) a letter that is submitted by the April 1st deadline on or before June 15, ~~2009~~2010 but may not submit a new letter. The previous position of support or opposition that is withdrawn will be scored as neutral (0 points). State Representatives or Senators to be considered are those State Representatives or Senators in office at the time the Application is submitted. Letters of support from State Representatives or Senators that do not represent the district containing the proposed Development Site will not qualify for points under this Exhibit. Neutral letters, or letters that do not specifically refer to the Development, will receive neither positive nor negative points. Letters from State of Texas Representative or Senator: support letters are +14 points; opposition letters are -14 points for a maximum of either 14 or -14 points. If one letter is received in support and one letter is received in opposition the score would be 0 points.

(7) The Rent Levels of the Units. Applications may qualify to receive up to 12 points for qualifying under this exhibit. (§2306.6710(b)(1)(G)). Provided the Application has qualified for points under paragraph (i)(3) of this subsection, Income Levels of Tenants of the Development, an Application may qualify for points under this subsection by providing additional Low-Income Units at 50% of AMGI (must round up to the next whole Unit, not less than one Unit), as follows:

(A) An Application may receive 12 points if the Development provides an additional 10% of all Low-Income Units in excess of those committed in subsection (i)(3) of this section at rents and incomes at or below 50% of AMGI; or

(B) An Application may receive 6 points if the Development provides an additional 5% of all Low-Income Units in excess of those committed in paragraph (3) of this subsection at rents and incomes at or below 50% of AMGI.

(8) The Cost of the Development by Square Foot (Development Characteristics). Applications may qualify to receive 10 points for this item. (§2306.6710(b)(1)(H); §42(m)(1)(C)(iii)). For this exhibit, costs shall be defined as construction costs, including site work, direct hard costs, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of ~~n~~Net ~~r~~Rentable ~~a~~Area (NRA). For the purposes of this paragraph only, if a building is in a Qualified Elderly Development or is an age restricted building in an Intergenerational Housing Development with an elevator or a high rise building with four or more stories serving any population, the NRA may include elevator served interior corridors. If the proposed Development is a Single Room Occupancy Development, the NRA may include elevator served interior corridors and may include up to 50 square feet of common area per Unit. As it relates to this paragraph, an interior corridor is a corridor that is enclosed, heated and/or cooled and otherwise finished space. The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for 10 points if their costs do not exceed $95 per square foot for Qualified Elderly, single family design, transitional, and Single Room Occupancy Developments (transitional housing for the homeless and Single Room Occupancy units as provided in the Code, §42(i)(3)(B)(iii) and (iv)), unless located in a "First Tier County" in which case their costs do not exceed $97 per square foot; and $85 for all other Developments, unless designated as "First Tier" by the Texas Department of Insurance, in which case their costs do not exceed $87 per square foot. For 2008, the First Tier counties are Aransas, Brazoria, Calhoun, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, San Patricio, and Willacy. There are also specifically designated First Tier communities in Harris County that are east of State Highway 146, and evidence in the Application must include a map with the Development Site designated clearly within the community. These communities are Pasadena, Morgan's Point, Shoreacres, Seabrook and La Porte. Intergenerational Housing Developments will receive 10 points if costs described above do not exceed the square footage limit for elderly and non-elderly Units as determined by using the NRA attributable to the respective elderly and non-elderly Units. The Department will determine if points will be awarded by multiplying the NRA for elderly Units by the applicable square footage limit for the elderly Units and adding that total to the result of the multiplication of the NRA for family Units by the applicable non-elderly square footage limit. If this maximum cost amount is equal to, or greater than the total of the costs identified above for the Application, points will be awarded (10 points).

(9) The Services to be Provided to Tenants of the Development. Applications may qualify to receive up to 8 points. (§2306.6710(b)(1)(I) and §2306.6725(a)(1))

(A) The Applicant must certify that the Development will provide a combination of special supportive services appropriate for the proposed tenants. The provision of supportive services will be included in the LURA as selected from the list of services identified in this paragraph. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided (maximum of 7 points).

(i) Applications will be awarded points for selecting services listed in clause (ii) of this subparagraph based on the following scoring range:

(I) Two points will be awarded for providing two of the services; or

(II) Four points will be awarded for providing four of the services; or

(III) Seven points will be awarded for providing six of the services.

(ii) Service options include child care; transportation; basic adult education; legal assistance; counseling services; GED preparation; English as a second language classes; vocational training; home buyer education; credit counseling; financial planning assistance or courses; health screening services; health and nutritional courses; organized team sports programs or youth programs; scholastic tutoring; any other programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; or any other services approved in writing by the Department.

(B) In addition, Applications will receive 1 point for providing Notary Public Services to tenants at no cost to the tenant during regular business hours. If this point is selected, this requirement will be included in the LURA.

(10) Declared Disaster Areas (§2306.6710(b)(1)). Applications may receive 7 points, if at time the complete Application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in a Disaster Area as defined in §~~49.~~50.3(38) of this chapter.

(11) Rehabilitation, (which includes reconstruction) or Adaptive Reuse. Applications may qualify to receive 6 points. Applications proposing to build solely Rehabilitation (excluding New Construction of non-residential buildings), solely reconstruction (excluding New Construction of non-residential buildings), or solely Adaptive Reuse qualify for points.

(12) Housing Needs Characteristics. (§42(m)(1)(C)(ii)). Applications may qualify to receive up to 6 points (if the Development Site is located in an Area with a certain Affordable Housing Need Score). Each Application may receive a score if correctly requested in the self score form based on objective measures of housing need in the Area where the Development is located. This Affordable Housing Need Score for each Area will be published in a Site Demographic Characteristics table in the Reference Manual.

(13) Community Revitalization (Development Characteristics) (§42(m)(1)(C)(iii)) or Historic Preservation. Applications may qualify to receive 6 points for either subparagraph (A) or (B) of this paragraph.

(A) The Development includes the use of an Existing Residential Development and proposes any Rehabilitation or any Reconstruction that is part of a Community Revitalization Plan. Evidence of the Community Revitalization Plan (such evidence must include an ordinance, resolution, or otherwise recorded documentation of a vote taken by the local elected Governing Body specifically adopting the Community Revitalization Plan) and a letter from the chief executive officer or other local official with appropriate jurisdiction of the local Governing Body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted; or

(B) The Development includes the use of an existing building that is designated as historic by a federal or state Entity and proposes Rehabilitation (including reconstruction) or Adaptive Reuse. The Development itself must have the designation; points in this subparagraph are not available for Developments simply located within historic districts or areas that do not have a designation on the building. The Development must include the historic building. Evidence will include proof of the historic designation from the appropriate Governmental Entity.

(14) Pre-Application Participation Incentive Points. (§2306.6704). Applications that submitted a Pre-Application during the Pre-Application Acceptance Period and meet the requirements of this paragraph will qualify to receive 6 points for this item. To be eligible for these points, the Application must:

(A) Be for the identical Development Site, or reduced portion of the Development Site as the proposed Development Site under control in the Pre-Application;

(B) Have met the Pre-Application Threshold Criteria;

(C) Be serving the same target population (family, Intergenerational Housing, or elderly) as in the Pre-Application;

(D) Be applying for the same Set-Asides as indicated in the Pre-Application (Set-Asides can be dropped between Pre-Application and Application, but no Set-Asides can be added); and

(E) Be awarded by the Department an Application score that is not more than 5% greater or less than the number of points awarded by the Department at Pre-Application, with the exclusion of points for support and opposition under paragraphs (2), (6), and (18) of this of this subsection. The Application score used to determine whether the Application score is 5% greater or less than the number of points awarded at Pre-Application will also include all point losses under subsection (d)(4) of this section. An Applicant must choose, at the time of Application either clause (i) or (ii) of this subparagraph:

(i) To request the Pre-Application points and have the Department cap the Application score at no greater than the 5% increase regardless of the total points accumulated in the scoring evaluation. This allows an Applicant to avoid penalty for increasing the point structure outside the 5% range from Pre-Application to Application; or

(ii) To request that the Pre-Application points be forfeited and that the Department evaluate the Application as requested in the self-scoring sheet.

(15) Economic Development Initiatives. A Development that is located in one of the following two areas may qualify to receive 4 points. For the purpose of this paragraph, "area" shall mean the boundaries of any zone or community in subparagraph (A) of this paragraph or the area in which funds in subparagraph (B) of this paragraph must be used:

(A) A Designated State or Federal Empowerment/Enterprise Zone, Urban Enterprise Community, or Urban Enhanced Enterprise Community. To be eligible for these points, Applicants must submit a letter and a map of the zoned area from a city/county official stating that the proposed Development is located within such a designated zone or area; is eligible to receive the state or federal economic development grants or loans associated with such designations; and the city/county still has available funds in such program. The letter should be no older than six (6) months from the first day of the Application Acceptance Period. (General Appropriation Act, Article VII, Rider 3; §2306.127); or

(B) An area that has received an award within the three year period prior to November 1, 2008, from the Texas Capital Fund, Texas or Federal Enterprise Zone Fund, Texas Leverage Fund, Industrial Revenue Bond Program, Emerging Technologies, Skills Development, Rural Business Enterprise Grants, Certified Development Company Loans, or Micro Loan Program or other state or federally funded economic development initiatives (This excludes limited highway improvement and roadwork projects, but does include broader regional transportation initiatives targeted to expanding economic development). Grants that qualify in these areas are included in the Application Reference Manual;

(C) Points under subparagraphs (A) and (B) of this paragraph will not be granted if more than 3 Developments received an award of Housing Tax Credits in the applicable area in the seven (7) years prior to the Application Acceptance Period. The Applicant must provide evidence of the boundaries of the area, as required in the Application and Application Submission Procedures Manual.

(16) Development Location. (§2306.6725(a)(4); §42(m)(1)(C)(i)). Applications may qualify to receive 4 points. Evidence, not more than six (6) months old from the first day of the Application Acceptance Period, that the Development Site is located within one of the geographical areas described in subparagraphs (A) - (F) of this paragraph. Areas qualifying under any one of the subparagraphs (A) - (F) of this paragraph will receive 4 points. An Application may only receive points under one of the subparagraphs (A) - (F) of this paragraph.

(A) A geographical Area which is an Economically Distressed Area; a Colonia; or a Difficult Development Area (DDA) as specifically designated by the Secretary of HUD at the time of Application submission (these census tracts are designated in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics included in the application materials). (§2306.127)

(B) The Development is located in a county that has received an award within the three (3) years prior to November 1, 200~~8~~9, within the past three (3) years, from the Texas Department of Agriculture's Rural Municipal Finance Program or Real Estate Development and Infrastructure Program. Cities which have received one of these awards are categorized as awards to the county as a whole so Developments located in a different city than the city awarded, but in the same county, will still be eligible for these points.

(C) The Development is located in a census tract which has a median family income (MFI), as published by the United States Bureau of the Census (U.S. Census) that is higher than the median family income for the county in which the census tract is located. This comparison shall be made using the most recent data available as of the date the Application Round opens the year preceding the applicable program year. Developments eligible for these points must submit evidence documenting the median income for both the census tract and the county. These Census Tracts are outlined in the 2008 Housing Tax Credit Site Demographic Characteristics Report.

(D) The proposed Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone of an elementary school that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. The date for consideration of the attendance zone is that in existence as of the opening date of the Application Round and the academic rating is the most current rating determined by the Texas Education Agency as of that same date. (§42(m)(1)(C)(vii))

(E) The proposed Development will expand affordable housing opportunities for low-income families with children outside of poverty areas. This must be demonstrated by showing that the Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and that the census tract in which the Development is proposed to be located has no greater than 10% poverty population according to the most recent census data. Intergenerational Developments may qualify for points if 70% of the non-elderly Units in the Development have an eligible bedroom mix of two bedrooms or more. (§42(m)(1)(C)(vii)). These Census Tracts are outlined in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report.

(F) The proposed Development is located in an Urban Core, on a site where the proposed use is not prohibited by the Local Political Subdivision via ordinance or regulation~~that is properly zoned for the intended use~~.

(17) Green Building Initiatives. Application may qualify to receive up to 6 points for providing green building amenities (points under this paragraph may not be requested for the same items utilized for points under subsection (h)(4)(A)(ii)(XXV) of this section, Threshold Amenities) (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):

(A) ~~evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);~~

(~~B~~A) passive solar heating/cooling (3 points maximum);

(i) Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west-facing walls; and the east-west axis of the building is within 15 degrees of due east-west;

(ii) One point if in addition to the above ~~east-west axis of the building oriented within 15 degrees of due east-west~~, utilize a narrow floor plate (less than 40 feet), and single loaded corridors ~~and open floor plan~~ to optimize daylight penetration and passive ventilation ~~(note: to qualify for this particular point, application must also implement the 15 degree building orientation option in clause (i) of this subparagraph); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August);~~ and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east;

(~~C~~B) water conserving features (2 points maximum, 1 point for each):

(i) Install ~~low-flow toilets using less than or equal to 1.6 gallons per flush, or~~ high efficiency toilets using less than or equal to 1.28 gallons/flush or WaterSense certified;

(ii) Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets;

(~~D~~C) ~~solar water heaters (~~ Provide Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);

(~~E~~D) irrigation and landscaping ~~(must implement both of the following)~~ (2 points);

(i) collected water (at least 50%) for irrigation purposes;

(ii) selection of native trees and plants that are appropriate to the site's soils and microclimate ~~and locate then to allow for shading in the summer and allow for heat gain in the winter~~;

(~~F~~E) sub-metered utility meters (2 points maximum);

(i) Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

(ii) Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point);

(~~G~~F) energy efficiency (4 points maximum);

(i) Three points if ~~Energy Elements~~ the development includes Energy-Star qualified windows and glass doors exclusively; and ~~Exterior envelope~~ insulation, ~~vapor barriers~~ and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC and~~,~~ domestic hot water heaters, or insulation that exceeds Energy Star standards ~~or exceeds the IRC 2006~~; or

(ii) Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85;

(iii~~H~~) Two points if thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) are used (2 points);

(H~~I~~) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);

(i) Photovoltaic panels that total 10 kW (1 point);

(ii) Photovoltaic panels that total 20 kW (2 points);

(iii) Photovoltaic panels that total 30 kW (3 points);

(I~~J~~) construction waste management to divert a minimum of 50% of construction waste from landfills;

(K)~~and~~ implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

(L~~K~~) recycling service provided throughout the compliance period (1 point);

(M~~L~~) water permeable walkways (at least 20% of walkways and parking) (1 point);

(N~~M~~) renewable materials, provide at least one of the following: bamboo flooring, wool carpet, linoleum flooring, straw board cabinetry, poplar OSB, or cotton batt insulation (1 point)

(M) healthy flooring, provide at least one of the following for~~(~~50% of flooring. ~~on the ground floor of the development must be~~ finished concrete, ~~and/or~~ ceramic tile~~. 50% of the flooring on upper floors must be ceramic tile and/or a~~ resilient flooring material that is Floor Score Certified ~~(developed by the Resilient Floor Covering Institute)~~, applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty (2~~1~~ points).

(O) healthy finish materials, use paints, stains, adhesives and sealants consistent with the Green Seal 11 standard or other applicable Green Seal standards. (1 point)

(18) Demonstration of Community Input other than Quantifiable Community Participation: if an Application was awarded 12 points under paragraph (2) of this subsection, then that Application may receive up to 6 points for letters that qualify for points under subparagraph (A), (B) or (C) of this paragraph. An Application may not receive points under more than one of the subparagraphs (A) - (C) of this paragraph. All letters must be received by ~~February 27, 2009~~March 1, 2010 for the Application to receive these points. At no time will the Application receive a score lower than zero for this item.

(A) An Application may receive two points (maximum of 6 points) for each letter of support submitted from a community or civic organization that serves the community in which the Development 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 in which the Development is located 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 subparagraph, community and civic organizations do not include neighborhood organizations, governmental entities (excluding Special Management Districts), taxing entities or educational activities. Organizations that were created by a governmental entity or derive their source of creation from a governmental entity do not qualify under this item. For purposes of this item, educational activities include school districts, trade and vocational schools, charter schools and depending on how characterized could include day care centers; it would not include a PTA or PTO as that is a service organization even though it supports an educational activity. Should an Applicant elect this option and the Application receives letters in opposition by ~~February 27, 2009~~March 1, 2010, 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.

(B) An Application may receive 6 points for a letter of support, from a property owners association created for a master planned community whose boundaries include the development site that does not meet the requirements of a Neighborhood Organization for points under paragraph (2) of this subsection.

(C) An Application may receive 6 points for a letter of support from a Special Management District, whose boundaries, as of ~~February 27, 2009~~March 1, 2010, include the Development Site and for which there is not a Neighborhood Organization on record with the county or state.

(19) Developments in Census Tracts with No Other Existing Same Type Developments Supported by Tax Credits: The Application may receive 6 points if the proposed Development is located in a census tract in which there are no other existing Developments supported by Housing Tax Credits that serve the same type of household, regardless of whether the development serves families, or elderly individuals (Intergenerational Housing is not a type of household as it relates to this paragraph). Applicant must provide evidence of the census tract in which the Development is located. (§2306.6725(b)(2)). These Census Tracts are outlined in the ~~2009~~2010 Housing Tax Credit Site Demographic Characteristics Report.

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

(21) Length of Affordability Period. Applications may qualify to receive up to 4 points. (§§2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); and 42(m)(1)(B)(ii)(II)). In accordance with the Code, each Development is required to maintain its affordability for a 15-year compliance period and, subject to certain exceptions, an additional 15-year extended use period. Development Owners that are willing to extend the affordability period for a Development beyond the thirty (30) years required in the Code may receive points as follows:

(A) Add five (5) years of affordability after the extended use period for a total affordability period of thirty-five (35) years (2 points); or

(B) Add ten (10) years of affordability after the extended use period for a total affordability period of forty (40) years. (4 points)

(22) Site Characteristics. Development Sites, including scattered sites, will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be rated based on the criteria in subparagraphs (A) and (B) of this paragraph.

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

(i) Full service grocery store or supermarket.

(ii) Pharmacy.

(iii) Convenience Store/Mini-market.

(iv) Department or Retail Merchandise Store.

(v) Bank/Credit Union.

(vi) Restaurant (including fast food).

(vii) Indoor public recreation facilities, such as civic centers, community centers, and libraries.

(viii) Outdoor public recreation facilities such as parks, golf courses, and swimming pools.

(ix) Hospital/medical clinic.

(x) Medical offices (physician, dentistry, optometry).

(xi) Public Schools (only eligible for Developments that are not Qualified Elderly Developments).

(xii) Senior Center.
(xiii) Dry cleaners.
(xiv) Family video rental (Blockbuster, Hollywood Video, Movie Gallery).

(B) Negative Site Features. Development Sites with the following negative characteristics will have points deducted from their score. For purpose of this exhibit, the term 'adjacent' is interpreted as sharing a boundary with the Development Site. The distances are to be measured from all boundaries of the Development Site to all boundaries of the property containing the negative site feature. If an Applicant negligently fails to note a negative feature, double points will be deducted from the score or the Application may be terminated. If none of these negative features exist, the Applicant must sign a certification to that effect. (-6 points)

(i) Developments located adjacent to or within 300 feet of junkyards will have 1 point deducted from their score.

(ii) Developments located adjacent to or within 300 feet of active railroad tracks will have 1 point deducted from their score, 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. Rural Developments funded through TRDO-USDA are exempt from this point deduction.

(iii) Developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants will have 1 point deducted from their score.

(iv) Developments located adjacent to or within 300 feet of a solid waste or sanitary landfills will have 1 point deducted from their score.

(v) Developments where the buildings are located within the "fall line" of high voltage transmission power lines will have 1 point deducted from their score.

(vi) Developments where the buildings are located within the accident zones or clear zones for commercial or military airports will have 1 point deducted from their score.

(23) Development Size. The Development consists of not more than 36 Units (3 points).

(24) Qualified Census Tracts with Revitalization. Applications may qualify to receive 1 point for this item. (§42(m)(1)(B)(ii)(III)). Applications will receive the points for this item if the Development is located within a Qualified Census Tract and contributes to a concerted Community Revitalization Plan. Evidence of the Community Revitalization Plan (such evidence must include an ordinance, resolution, or otherwise recorded documentation of a vote taken by the local elected Governing Body specifically adopting the Community Revitalization Plan) and a letter from the chief executive officer or other local official with appropriate jurisdiction of the local Governing Body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted.

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

(A) An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Applicant will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609.

(B) An Application will receive these points if there is evidence that a HUB that does not meet the experience requirements under subsection (g) of this section, as certified by the Texas Comptroller of Public Accounts, has at least 51% ownership interest in the General Partner and materially participates in the Development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Comptroller of Public Accounts that the Person is a HUB at the close of the Application Acceptance Period. The HUB will be disqualified from receiving these points if any Principal of the HUB has developed, and received 8609's for, more than two Developments involving tax credits. Additionally, to qualify for these points, the HUB must partner with an experienced Developer (as defined by subsection (g) of this section); the experienced Developer, as an Affiliate, will not be subject to the credit limit described under §~~49.~~50.6(d) of this chapter for one Application per Application Round. For purposes of this section the experienced Developer may not be a Related Party to the HUB.

(26) Developments Intended for Eventual Tenant Ownership--Right of First Refusal. Applications may qualify to receive 1 point for this item. (§2306.6725(b)(1); §42(m)(1)(C)(viii)). Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7) of the Code (the "Minimum Purchase Price"), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect

to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"). Development Owner may qualify for these points by providing the right of first refusal in the following terms.

(A) Upon the earlier to occur of:

(i) The Development Owner's determination to sell the Development; or

(ii) The Development Owner's request to the Department, pursuant to §42(h)(6)(E)(II) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(h)(6)(F) of the Code, the Development Owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other parties as the Department may direct at that time. If the Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two (2) years prior to expiration of the Compliance Period. If the Development Owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two (2) years prior to date upon which the Development Owner intends to sell the Development.

(B) During the two (2) years following the giving of Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(i) During the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. §92.1 (a "CHDO") and is approved by the Department;

(ii) During the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(iii) During the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department;

(iv) If, during such two-year period, the Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development Owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development Owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.

(C) After whichever occurs the later of:

(i) The end of the Compliance Period; or

(ii) Two (2) years from delivery of a Notice of Intent, the Development Owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of one hundred twenty (120) days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the Development Owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the Development Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(E) The Department shall, at the request of the Development Owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(F) The Department shall have the right to enforce the Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development Owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.

(27) Leveraging of Private, State, and Federal Resources. Applications may qualify to receive 1 point for this item. (§2306.6725(a)(3)). Funding sources used for points under paragraph (5) of this subsection, may not be used for this point item.

(A) Evidence must be submitted in the Application that the proposed Development has received or will receive loan(s), grant(s) or in-kind contributions from a private, state or federal resource, which include Capital Grant Funds and HOPE VI funds, that is equal to or greater than 2% (do not round) of the Total Housing Development Costs reflected in the Application.

(B) For in-kind contributions, evidence must be submitted in the Application from a private, state or federal resource which substantiates the value of the in-kind contributions. Development based rental subsidies from private, state or federal resource may qualify under this section if evidence of the remaining value of the contract is submitted from the source. The value of the contract does not include past subsidies.

(C) Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(D) Applicants may only submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, two sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost. However, two sources may not be submitted if each source is for an amount equal to 2% of the Total Housing Development Cost.

(E) The funding must be in addition to the primary funding (construction and permanent loans) that is proposed to be utilized and cannot be issued from the same primary funding source or an affiliated source. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision.

(F) The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing ~~entity~~ body of the entity for the sufficient financing to the Department. If the funding commitment from the private, state or federal source, identified in the Application, or qualifying substitute source, has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the commitment from the private, state or federal source, the Commitment Notice will be rescinded and the credits reallocated. Funds from the Department's HOME and Housing Trust Fund sources will only qualify under this category if there is a Notice of Funding Availability (NOFA) out for available funds and the Applicant is eligible under that NOFA.

(G) To qualify for this point, the Rent Schedule must show that at least 3% (not using normal rounding) of all Low-Income Units are designated to serve individuals or families with incomes at or below 30% of AMGI.

(28) Third-Party Funding Commitment Outside of Qualified Census Tracts. Applications may qualify to receive 1 point for this item. (§2306.6710(e)(1)). Evidence that the proposed Development has documented and committed Third-Party funding sources and the Development is located outside of a Qualified Census Tract. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The commitment of funds (an application alone will not suffice) must already have been received from the Third-Party funding source and must be equal to or greater than 2% (do not round) of the Total Development Costs reflected in the Application. Funds from the Department's HOME and Housing Trust Fund sources will not qualify under this category. The Third-Party funding source cannot be a loan from a commercial lender.

(29) Scoring Criteria Imposing Penalties. (§2306.6710(b)(2))

(A) Penalties will be imposed on an Application if the Applicant has requested an extension of the Carryover or 10% Test deadline, and did not meet the original submission deadline, relating to Developments receiving a Housing Tax Credit commitment made in the Application Round preceding the current round. For each extension request made, the Applicant will receive a 5 point deduction. No penalty points or fees will be deducted for extensions that were requested on Developments that involved Rehabilitation when the Department is the primary lender, or for Developments that involve TRDO-USDA as a lender if TRDO-USDA or the Department is the cause for the Applicant not meeting the deadline.

(B) Penalties will be imposed on an Application if the Developer or Principal of the Applicant has been removed by the lender, equity provider, or limited partners in the past five (5) years for failure to perform its obligations under the loan documents or limited partnership agreement. An affidavit will be provided by the Applicant and the Developer certifying that they have not been removed as described, or requiring that they disclose each instance of removal with a detailed description of the situation. If an Applicant or Developer submits the affidavit, and the Department learns at a later date that a removal did take place as described, then the Application will be terminated and any Allocation made will be rescinded. The Applicant, Developers or Principals of the Applicant that are in court proceedings at the time of Application must disclose this information and the situation will be evaluated on a case-by-case basis. 3 points will be deducted for each instance of removal.

(C) Penalties will be imposed on an Application if Developer or Principal of the Applicant violates the Adherence to Obligations pursuant to subsection (c) of this section.

(30) Bonus Points. Applicants may received up to five (5) additional points for having limited deficiencies in the Application. The deficiencies will be determined at the reasonable discretion of the Department as defined in this chapter. The points will the awarded as follows:

(A) Two (2) or less deficiencies for Eligibility review (1 point);

(B) Five (5) or less deficiencies for Selection review (2 points); and/or

(C) Ten (10) or less deficiencies for Threshold review (3 points).

(j) **Tie Breaker Factors**.

(1) In the event that two or more Applications receive the same number of points in any given Set-Aside category, Rural Regional Allocation or Urban 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 or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction or Adaptive Reuse.

(B) The Application located in the municipality or, if located outside a municipality, the county that has the lowest state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins as reflected in the Reference Manual will win this second tier tie breaker.

(C) The amount of requested tax credits per square foot of Net Rentable Area (the lower credits per square foot has preference).

(D) Developments that are intended for eventual tenant ownership. Such Developments must utilize a detached single family site plan and building design and have a business plan describing how the Development is intended to convert to tenant ownership at the end of the 15-year compliance period.

(2) This paragraph identifies how ties will be handled when dealing with the restrictions on location identified in §~~49.~~50.5(a)(8) of this chapter, and in dealing with any issues relating to capture rate calculation. When two Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the reservation docket number issued by the Texas Bond Review Board in making its determination. When two Competitive Housing Tax Credits Applications in the Application Round would violate one of these restrictions, and only one Development can be selected, the Department will utilize the tie breakers identified in paragraph (1) of this subsection. When a Tax-Exempt Bond Development and a Competitive Housing Tax Credit Application in the Application Round would both violate a restriction, the following determination will be used:

(A) Tax-Exempt Bond Developments that receive their reservation from the Bond Review Board on or before April 30, ~~2009~~2010 will take precedence over the Housing Tax Credit Applications in the ~~2009~~2010 Application Round;

(B) Housing Tax Credit Applications approved by the Board for tax credits in July ~~2009~~2010 will take precedence over the Tax-Exempt Bond Developments that received their reservation from the Bond Review Board on or between May ~~1~~3, ~~2009~~2010 and July 31, ~~2009~~2010; and

(C) After July 31, ~~2009~~2010, a Tax-Exempt Bond Development with a reservation from the Bond Review Board will take precedence over any Housing Tax Credit Application from the ~~2009~~2010 Application Round on the Waiting List. However, if no reservation has been issued by the date the Board approves an allocation to a Development from the Waiting List of Applications in the ~~2009~~2010 Application Round or a forward commitment, then the Waiting List Application or forward commitment will be eligible for its allocation.

(k) **Staff Recommendations**. (§2306.1112 and §2306.6731). After eligible Applications have been evaluated, ranked and underwritten in accordance with the QAP and the Rules, the Department staff shall make its recommendations to the Executive Award and Review Advisory Committee. The Committee will develop funding priorities and shall make commitment recommendations to the Board. Such recommendations and supporting documentation shall be made in advance of the meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. The Committee will provide written, documented recommendations to the Board which will address at a minimum the financial or programmatic viability of each Application and a list of all submitted Applications which enumerates the reason(s) for the Development's proposed selection or denial, including all factors provided in §~~49.~~50.10(a) of this chapter that were used in making this determination.

(l) **Tax Credits Financed Under American Recovery and Reinvestment Act of 2009.** (§2306.6736)

(1) To the extent the Department receives federal funds under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) or any subsequent law (including any extension or renewal thereof) that requires the Department to award the federal funds in the same manner and subject to the same limitation as the awards of the housing tax credits, the following provisions apply.

(2) Any reference in this chapter to the administration of the housing tax credit program shall apply equally to the administration of such federal funds except:

(A) the Department may establish a separate application procedure for such funds, outside of the uniform application cycle referred to in §2306.111 and the deadlines established in §2306.6724, and any reference herein to the application period shall refer to the period beginning on the date the Department begins accepting applications for such funds and continuing until all such available funds are awarded;

(B) unless reauthorized, this section is repealed on August 31, 2011.

§~~49.~~50.10. Board Decisions; Waiting List; Forward Commitments.

(a) **Board Decisions**. The Board's decisions shall be based upon the Department's and the Board's evaluation of the proposed Developments' consistency with the criteria and requirements set forth in this QAP and Rules.

(1) On awarding tax credits, the Board shall document the reasons for each Application's selection, including any discretionary factors used in making its determination, and the reasons for any decision that conflicts with the recommendations made by Department staff. The Board may not make, without good cause, a commitment decision that conflicts with the recommendations of Department staff. Good cause includes the Board's decision to apply discretionary factors. (§§2306.6725(c); 2306.6731; and 42(m)(1)(A)(iv))

(2) In making a determination to allocate tax credits, the Board shall be authorized to not rely solely on the number of points scored by an Application. It shall in addition, be entitled to take into account, as it deems appropriate, the discretionary factors listed in this paragraph. The Board may also apply these discretionary factors to its consideration of Tax-Exempt Bond Developments. If the Board disapproves or fails to act upon an Application, the Department shall issue to the Applicant a written notice stating the reason(s) for the Board's disapproval or failure to act. In making tax credit decisions (including those related to Tax-Exempt Bond Developments), the Board, in its discretion, may evaluate, consider and apply any one or more of the following discretionary factors: (§2306.111(g)(3))

(A) The Developer market study;

(B) The location;

(C) The compliance history of the Developer;

(D) The financial feasibility;

(E) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(F) The Development's proximity to other low-income housing Developments;

(G) The availability of adequate public facilities and services;

(H) The anticipated impact on local school districts;

(I) Zoning and other land use considerations;

(J) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(K) Other good cause as determined by the Board.

(3) Before the Board approves any Application, the Department shall assess the compliance history of the Applicant with respect to all applicable requirements; and the compliance issues associated with the proposed Development, including compliance information provided by the Texas State Affordable Housing Corporation. The Committee shall provide to the Board a written report regarding the results of the assessments. The written report will be included in the appropriate Development file for Board and Department review. The Board shall fully document and disclose any instances in which the Board approves a Development Application despite any noncompliance associated with the Development or Applicant. (§2306.057)

(b) **Waiting List**. (§2306.6711(c) and (d)). If the entire State Housing Credit Ceiling for the applicable calendar year has been committed or allocated in accordance with this chapter, the Board shall generate, concurrently with the issuance of commitments, a waiting list of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The Board may also apply discretionary factors in determining the Waiting List. If at any time prior to the end of the Application Round, one or more Commitment Notices expire or a sufficient amount of the State Housing Credit Ceiling becomes available, the Board shall issue a Commitment Notice to Applications on the waiting list subject to the amount of returned credits, the regional allocation goals and the Set-Aside categories, including the 10% Nonprofit Set-Aside allocation and 15% At-Risk Set-Aside allocation and 5% TRDO-USDA Set-Aside required under the Code, §42(h)(5). At the end of each calendar year, all Applications which have not received a Commitment Notice shall be deemed terminated. The Applicant may re-apply to the Department during the next Application Acceptance Period.

(c) **Forward Commitments**. The Board may determine to issue commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment") to Applications submitted in accordance with the rules and timelines required under this rule and the Application Submission Procedures Manual. The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors. The Board may utilize the forward commitment authority to allocate credits to TRDO-USDA Developments which are experiencing foreclosure or loan acceleration at any time during the ~~2009~~2010 calendar year, also referred to as Rural Rescue Developments. Applications that are submitted under the ~~2009~~2010 QAP and granted a Forward Commitment of 2010 Housing Tax Credits are considered by the Board to comply with the 2010 QAP by having satisfied the requirements of this ~~2009~~2010 QAP, except for statutorily required QAP changes.

(1) Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the State Housing Credit Ceiling from which the credits are allocated.

(2) Any forward commitment made pursuant to this section shall be made subject to the availability of State Housing Credit Ceiling in the calendar year with respect to which the forward commitment is made. If a forward commitment shall be made with respect to a Development placed in service in the year of such commitment, the forward commitment shall be a "binding commitment" to allocate the applicable credit dollar amount within the meaning of the Code, §42(h)(1)(C).

(3) If tax credit authority shall become available to the Department in a calendar year in which forward commitments have been awarded, the Department may allocate such tax credit authority to any eligible Development which received a forward commitment, in which event the forward commitment shall be canceled with respect to such Development.

§~~49.~~50.11. Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants; Viewing of Pre-Applications and Applications; Confidential Information.

(a) **Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants**.

(1) Within approximately fourteen (14) days after the close of the Pre-Application Acceptance Period, the Department shall publish a Pre-Application Submission Log on its website. Such log shall contain the Development name, address, Set-Aside, number of Units, requested credits, owner contact name and phone number. (§2306.6717(a)(1))

(2) Approximately thirty (30) days before the close of the Application Acceptance Period, the Department will release the evaluation and assessment of the Pre-Applications on its website.

(3) Not later than fourteen (14) days after the close of the Pre-Application Acceptance Period, or Application Acceptance Period for Applications for which no Pre-Application was submitted, the Department shall: (§2306.1114)

(A) Publish an Application submission log on its website.

(B) Give notice of a proposed Development in writing that provides the information required under clause (i) of this subparagraph to all of the individuals and entities described in clauses (ii) - (x) of this subparagraph. (§2306.6718(a) - (c))

(i) The following information will be provided in these notifications:

(I) The relevant dates affecting the Application including the date on which the Application was filed, the date or dates on which any hearings on the Application will be held and the date by which a decision on the Application will be made;

(II) A summary of relevant facts associated with the Development;

(III) A summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(IV) The name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

(ii) Presiding officer of the Governing Body of the political subdivision containing the Development (mayor or county judge) to advise such individual that the Development, or a part thereof, will be located in his/her jurisdiction and request any comments which such individual may have concerning such Development;

(iii) If the Department receives a letter from the mayor or county judge of an affected city or county that expresses opposition to the Development, the Department will give consideration to the objections raised and will offer to visit the proposed site or Development with the mayor or county judge or their designated representative within thirty (30) days of notification. The site visit must occur before the Housing Tax Credit can be approved by the Board. The Department will obtain reimbursement from the Applicant for the necessary travel and expenses at rates consistent with the state authorized rate; (General Appropriation Act, Article VII, Rider 5) (§42(m)(1))

(iv) Any member of the Governing Body of a political subdivision who represents the Area containing the Development. If the Governing Body has single-member districts, then only that member of the Governing Body for that district will be notified, however if the Governing Body has at-large districts, then all members of the Governing Body will be notified;

(v) State representative and state senator who represent the community where the Development is proposed to be located. If the state representative or senator host a community meeting, the Department, if timely notified, will ensure staff are in attendance to provide information regarding the Housing Tax Credit Program; (General Appropriation Act, Article VII, Rider 8(d))

(vi) United States representative who represents the community containing the Development;

(vii) Superintendent of the school district containing the Development;

(viii) Presiding officer of the board of trustees of the school district containing the Development;

(ix) Any Neighborhood Organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site or otherwise known to the Applicant or Department and on record with the state or county; and

(x) Advocacy organizations, social service agencies, civil rights organizations, tenant organizations, or others who may have an interest in securing the development of affordable housing that are registered on the Department's e-mail list service.

(C) The Department shall maintain an electronic mail notification service that will notify a subscriber, by zip code, of: (§2306.67171)

(i) The receipt of a Pre-Application or Application for a Development Site within such zip code within fourteen (14) days of receipt;

(ii) The publication of materials to be presented to the Board for the Pre-Application or Application referred to in clause (i) of this subparagraph; and

(iii) Any public hearing for the Pre-Application or Application referred to in clause (i) of this subparagraph.

(D) The elected officials identified in subparagraph (B) of this paragraph will be provided an opportunity to comment on the Application during the Application evaluation process. (§42(m)(1))

(4) The Department shall hold at least three public hearings in different Uniform State Service Regions of the state to receive comment on the submitted Applications and on other issues relating to the Housing Tax Credit Program for Competitive Housing Tax Credit Applications under the State Housing Credit Ceiling. (§2306.6717(c))

(5) The Department shall make available on the Department's website information regarding the Housing Tax Credit Program including notice of public hearings, meetings, Application Round opening and closing dates, submitted Applications, and Applications approved for underwriting and recommended to the Board, and shall provide that information to locally affected community groups, local and state elected officials, local housing departments, any appropriate newspapers of general or limited circulation that serve the community in which a proposed Development is to be located, nonprofit and for-profit organizations, on-site property managers of occupied Developments that are the subject of Applications for posting in prominent locations at those Developments, and any other interested persons including community groups, who request the information. (§2306.6717(b))

(6) Approximately forty (40) days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will notify each Applicant of the receipt of any opposition received by the Department relating to his or her Development at that time.

(7) Not later than the third working day after the date of completion of each stage of the Application process, including the results of the Application scoring and underwriting phases and the commitment phase, the results will be posted to the Department's website. (§2306.6717(a)(3))

(8) At least thirty (30) days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will:

(A) Provide the Application scores to the Board; and (§2306.6711(a))

(B) If feasible, post to the Department's website the entire Application, including all supporting documents and exhibits, the Application Log as further described in §~~49.~~50.19(b) of this chapter, a scoring sheet providing details of the Application score, and any other documents relating to the processing of the Application. (§2306.6717(a)(1) and (2))

(9) A summary of comments received by the Department on specific Applications shall be part of the documents required to be reviewed by the Board under this subsection if such comments are received thirty (30) business days prior to the date of the Board Meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. Comments received after this deadline will not be part of the documentation submitted to the Board. However, a public comment period will be available prior to the Board's decision, at the Board meeting where tax credit commitment decisions will be made.

(10) Not later than the 120th day after the date of the initial issuance of Commitment Notices for Housing Tax Credits, the Department shall provide an Applicant who did not receive a commitment for Housing Tax Credits with an opportunity to meet and discuss with the Department the Application's deficiencies, scoring and underwriting. (§2306.6711(e))

(b) **Viewing of Pre-Applications and Applications**. Pre-Applications and Applications for tax credits are public information and are available upon request after the Pre-Application and Application Acceptance Periods close, respectively. All Pre-Applications and Applications, including all exhibits and other supporting materials, except Personal Financial Statements and Social Security numbers, will be made available for public disclosure after the Pre-Application and Application periods close, respectively. The content of Personal Financial Statements may still be made available for public disclosure upon request if the Attorney General's office deems it is not protected from disclosure by the Texas Public Information Act.

(c) **Confidential Information**. The Department may treat the financial statements of any Applicant as confidential and may elect not to disclose those statements to the public. A request for such information shall be processed in accordance with §552.305 of the Texas Government Code. (§2306.6717(d))

§~~49.~~50.12. Tax-Exempt Bond Developments: Filing of Applications; Applicability of Rules; Supportive Services; Financial Feasibility Evaluation; Satisfaction of Requirements.

(a) **Filing of Applications for Tax-Exempt Bond Developments**. Applications for a Tax-Exempt Bond Development may be submitted to the Department as described in paragraphs (1) and (2) of this subsection:

(1) Applicants which receive advance notice of a Program Year ~~2009~~2010 reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than 12:00 p.m. on ~~December 29, 2008~~December 30, 2009. Such filing must be accompanied by the Application fee described in §~~49.~~50.20 of this chapter;

(2) Applicants which receive advance notice of a Program Year ~~2009~~2010 reservation after being placed on the waiting list as a result of the TBRB lottery for private activity volume cap must submit Volume 1 and Volume 2 of the Application and the Application fee described in §~~49.~~50.20 of this chapter prior to the Applicant's bond reservation date as assigned by the TBRB. Those Applications designated as Priority 3 by the TBRB must submit Volumes I and II within fourteen (14) days of the bond reservation date if the Applicant intends to apply for tax credits regardless of the Issuer. Any outstanding documentation required under this section regardless of Priority must be submitted to the Department at least sixty (60) days prior to the Board meeting at which the decision to issue a Determination Notice would be made unless a waiver is requested by the Applicant. The Department staff will have limited discretion to recommend an Application with appropriate justification of the late submission;

(3) Applications involving multiple sites must submit the required information as outlined in the Application Submission Procedures Manual. The Application will be considered to be one Application as identified in Chapter 1372, Texas Government Code.

(b) **Applicability of Rules for Tax-Exempt Bond Developments**. Tax-Exempt Bond Development Applications are subject to all rules in this chapter, with the only exceptions being the following sections: §~~49.~~50.4 of this chapter (regarding State Housing Credit Ceiling), §~~49.~~50.7 of this chapter (regarding Regional Allocation and Set-Asides), §~~49.~~50.8 of this chapter (regarding Pre-Application), §~~49.~~50.9(d) and (f) of this chapter (regarding Evaluation Processes for Competitive Applications and Rural Rescue Applications), §~~49.~~50.9(i) of this chapter (regarding Selection Criteria), §~~49.~~50.10(b) and (c) of this chapter (regarding Waiting List and Forward Commitments), and §~~49.~~50.14(a) and (b) of this chapter (regarding Carryover and 10% Test). Such Developments requesting a Determination Notice in the current calendar year must meet all Threshold Criteria requirements stipulated in §~~49.~~50.9(h) of this chapter. Such Developments which received a Determination Notice in a prior calendar year must meet all Threshold Criteria requirements stipulated in the QAP and Rules in effect for the calendar year in which the Determination Notice was issued; provided, however, that such Developments shall comply with all procedural requirements for obtaining Department action in the current QAP and Rules; and such other requirements of the QAP and Rules as the Department determines applicable. Applicants will be required to meet all conditions of the Determination Notice by the time the construction loan is closed unless otherwise specified in the Determination Notice. Applicants must meet the requirements identified in §~~49.~~50.15 of this chapter. No later than sixty (60) days following closing of the bonds, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan (as further described in the Carryover Allocation Procedures Manual), and evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five (5) hours and the Development architect and engineer at Department-approved Fair Housing training relating to design issues for at least five (5) hours. Certifications must not be older than two (2) years. Applications that receive a reservation from the TBRB on or before December 31, 2008 will be required to satisfy the requirements of the 2008 QAP; Applications that receive a reservation from the TBRB on or after January 1, ~~2009~~2010 will be required to satisfy the requirements of the ~~2009~~2010 QAP.

(c) **Supportive Services for Tax-Exempt Bond Developments**. 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. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided. The provision of these services will be included in the LURA. Acceptable services as described in paragraphs (1) - (3) of this subsection include:

(1) The services must be in at least one of the following categories: child care, transportation, notary public service, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, scholastic tutoring, social events and activities, community gardens or computer facilities;

(2) Any other program described under Title IV-A of the Social Security Act (42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; or

(3) Any other services approved in writing by the Issuer. The plan for tenant supportive services submitted for review and approval of the Issuer must contain a plan for coordination of services with state workforce development and welfare programs. The coordinated effort will vary depending upon the needs of the tenant profile at any given time as outlined in the plan.

(d) **Financial Feasibility Evaluation for Tax-Exempt Bond Developments**. Code §42(m)(2)(D) requires the bond issuer (if other than the Department) to ensure that a Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Treasury Regulations prescribe the occasions upon which this determination must be made. In light of the requirement, issuers may either elect to underwrite the Development for this purpose in accordance with the QAP and the Underwriting Rules and Guidelines, §1.32 of this title or request that the Department perform the function. If the issuer underwrites the Development, the Department will, nonetheless, review the underwriting report and may make such changes in the amount of credits which the Development may be allowed as are appropriate under the Department's guidelines. The Determination Notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the Development is determined to be eligible in accordance with this subsection, and the amount of tax credits reflected in the IRS Form 8609 may be greater or less than the amount set forth in the Determination Notice, based upon the Department's and the bond issuer's determination as of each building's placement in service. Any increase of tax credits, from the amount specified in the Determination Notice, at the time of each building's placement in service will only be permitted if it is determined by the Department, as required by Code §42(m)(2)(D), that the Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. Increases to the amount of tax credits that do not exceed 110% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director.

(e) **Satisfaction of Requirements for Tax-Exempt Bond Developments**. If the Department staff determines that all requirements of this QAP and Rules have been met, the Department will recommend that the Board authorize the issuance of a Determination Notice. The Board, however, may utilize the discretionary factors identified in §~~49.~~50.10(a) of this chapter in determining if they will authorize the Department to issue a Determination Notice to the Development Owner. The Determination Notice, if authorized by the Board, will confirm that the Development satisfies the requirements of the QAP and Rules in accordance with the Code, §42(m)(1)(D).

(f) **Certification of Tax Exempt Applications with New Docket Numbers**. Applications that are processed through the Department review and evaluation process and receive an affirmative Board Determination, but do not close the bonds prior to the bond reservation expiration date, and subsequently have that docket number withdrawn from the TBRB, may have their Determination Notice reinstated. The Applicant would need to receive a new docket number from the TBRB. One of the following must apply:

(1) The new docket number must be issued in the same program year as the original docket number and must not be more than four (4) months from the date the original application was withdrawn from the TBRB. The application must remain unchanged. This means that at a minimum, the following cannot have changed: site control, total number of units, unit mix (bedroom sizes and income restrictions), design/site plan

documents, financial structure including bond and Housing Tax Credit amounts, development costs, rent schedule, operating expenses, sources and uses, ad valorem tax exemption status, target population, scoring criteria (TDHCA issues) or TBRB priority status including the effect on the inclusive capture rate. Note that the entities involved in the Applicant entity and Developer cannot change; however, the certification can be submitted even if the lender, syndicator or issuer changes, as long as the financing structure and terms remain unchanged. Notifications under §~~49.~~50.9(h)(8) of this chapter are not required to be reissued. In the event that the Department's Board has already approved the Application for tax credits, the Application is not required to be presented to the Board again (unless there is public opposition) and a revised Determination Notice will be issued once notice of the assignment of a new docket number has been provided to the Department and the Department has confirmed that the capture rate and market demand remain acceptable. This certification must be submitted no later than thirty (30) days after the date the TBRB issues the new docket number and no later than thirty (30) days before the anticipated closing. In the event that the Department's Board has not yet approved the Application, the Application will continue to be processed and ultimately provided to the Board for consideration. This certification must be submitted no later than thirty (30) days after the date the TBRB issues the new docket number and no later than forty-five (45) days before the anticipated Department's Board meeting date; or

(2) If there are changing to the Application as referenced in paragraph (1) of this subsection, the Applicant will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new determination notice to be issued.

§~~49.~~50.13. Commitment and Determination Notices; Agreement and Election Statement; Documentation Submission Requirements.

(a) **Commitment and Determination Notices**. If the Board approves an Application for a Housing Tax Credit Allocation, the Department will:

(1) If the Application is for a commitment from the State Housing Credit Ceiling, issue a Commitment Notice to the Development Owner which shall:

(A) Confirm that the Board has approved the Application; and

(B) State the Department's commitment to make a Housing Credit Allocation to the Development Owner in a specified amount, subject to the feasibility determination described in §~~49.~~50.16 of this chapter, and compliance by the Development Owner with the remaining requirements of this chapter and any other terms and conditions set forth therein by the Department. This commitment shall expire on the date specified therein unless the Development Owner indicates acceptance of the commitment by executing the Commitment Notice, pays the required fee specified in §~~49.~~50.20 of this chapter, and satisfies any other conditions set forth therein by the Department. The Commitment Notice expiration date may not be extended;

(2) If the Application regards a Tax-Exempt Bond Development, issue a Determination Notice to the Development Owner which shall:

(A) Confirm the Board's determination that the Development satisfies the requirements of this QAP; and

(B) State the Department's commitment to issue IRS Form(s) 8609 to the Development Owner in a specified amount, subject to the requirements set forth in §~~49.~~50.12 of this chapter and compliance by the Development Owner with all applicable requirements of this chapter and any other terms and conditions set forth therein by the Department. The Determination Notice shall expire on the date specified therein unless the Development Owner indicates acceptance by executing the Determination Notice and paying the required fee specified in §~~49.~~50.20 of this chapter. The Determination Notice shall also expire unless the Development Owner satisfies any conditions set forth therein by the Department. The Determination Notice expiration date may not be extended;

(3) Notify, in writing, the mayor or other equivalent chief executive officer of the municipality in which the Property is located informing him/her of the Board's issuance of a Commitment Notice or Determination Notice, as applicable;

(4) A Commitment or Determination Notice shall not be issued with respect to any Development for an unnecessary amount or where the cost for the total development, acquisition, construction or Rehabilitation exceeds the limitations established from time to time by the Department and the Board, unless the Department staff make a recommendation to the Board based on the need to fulfill the goals of the Housing

Tax Credit Program as expressed in this QAP and Rules, and the Board accepts the recommendation. The Department's recommendation to the Board shall be clearly documented;

(5) A Commitment or Determination Notice shall not be issued with respect to the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of one or more other low-income rental housing properties in the state of Texas administered by the Department that is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for such property, as described in Chapter 60 of this title;

(6) The executed Commitment or Determination Notice must be returned to the Department on the date specified within the Commitment Notice or Determination Notice, which shall be no earlier than ten (10) days after the effective date of the Notice.

(b) **Agreement and Election Statement**. Together with the Development Owner's acceptance of the Carryover Allocation, the Development Owner may execute an Agreement and Election Statement, in the form prescribed by the Department, for the purpose of fixing the Applicable Percentage for the Development as that for the month in which the Carryover Allocation was accepted (or the month the bonds were closed for Tax-Exempt Bond Developments), as provided in the Code, §42(b)(2). Current Treasury Regulations, §1.42-8(a)(1)(v), suggest that in order to permit a Development Owner to make an effective election to fix the Applicable Percentage for a Development (receiving credits from the State Housing Credit Ceiling), the Carryover Allocation Document must be executed by the Department and the Development Owner within the same month. The Department staff will cooperate with a Development Owner, as possible or reasonable; to assure that the Carryover Allocation Document can be so executed.

(c) **Documentation Submission Requirements at Commitment of Funds**. No later than the date the Commitment Notice or Determination Notice is executed by the Applicant and returned to the Department with the appropriate Commitment or Determination Fee as further described in §~~49.~~50.20(f) of this chapter, the following documents must also be provided to the Department. Failure to provide these documents may cause the Commitment or Determination to be rescinded. For each Applicant all of the following must be provided:

(1) Evidence that the entity has the authority to do business in Texas in the form of a Certificate of Filing from the Texas Secretary of State;

(2) A Certificate of Account Status from the Texas Comptroller of Public Accounts or, if such a Certificate is not available because the entity is newly formed, a statement to such effect; and a Certificate of Organization from the Texas Secretary of State;

(3) Copies of the entity's governing documents, including, but not limited to, its Articles of Incorporation, Articles of Organization, Certificate of Limited Partnership, Bylaws, Regulations and/or Partnership Agreement; and

(4) Evidence that the signer(s) of the Application have the authority to sign on behalf of the Applicant in the form of a corporate resolution or by-laws which indicate same from the sub-entity in Control and that those Persons signing the Application constitute all Persons required to sign or submit such documents.

§~~49.~~50.14. Carryover; 10% Test; Commencement of Substantial Construction.

(a) **Carryover**. All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 2 of the year in which the Commitment Notice is issued pursuant to §42(h)(1)(C) of this Code.

(1) Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline. In the event that a Development Owner intends to submit the Carryover documentation in any month preceding November of the year in which the Commitment Notice is issued, in order to fix the Applicable Percentage for the Development in that month, it must be submitted no later than the first Friday in the preceding month.

(2) If the financing structure, syndication rate, amount of debt or syndication proceeds are revised at the time of Carryover from what was proposed in the original Application, applicable documentation of such changes must be provided and the Development may be reevaluated by the Department.

(3) The Carryover Allocation format must be properly completed and delivered to the Department as prescribed by the Carryover Allocation Procedures Manual.

(4) All Carryover Allocations will be contingent upon the Development Owner providing evidence that the Development site is still under control of the Development Owner. For purposes of this paragraph, site control must be identical to the same Development Site that was submitted at the time of Application Submission.

(5) The Department will not execute a Carryover Allocation Agreement with any Development Owner having any member in Material Noncompliance on October 1, 20~~09~~10.

(b) **10% Test**. No later than ~~eleven (11)~~six (6) months from the date the Carryover Allocation Document is executed by the Department and the Development Owner, more than 10% of the Development Owner's reasonably expected basis must have been incurred pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code (as amended by The Housing and Economic Recovery Act of 2008) and Treasury Regulations, §1.42-6. The evidence to support the satisfaction of this requirement must be submitted to the Department no later than ~~December 1~~July 1 of the year following the execution of the Carryover Allocation Document in a format prescribed by the Department. At the time of submission of the documentation, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan as further described in the Carryover Allocation Procedures Manual. Evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five (5) hours and the Development architect and engineer at Department-approved Fair Housing training relating to design issues for at least five (5) hours on or before the time the 10% Test Documentation is submitted. Certifications must not be older than two (2) years from the date of submission of the 10% Test Documentation. The 10% Test Documentation will be contingent upon the following, in addition to all other conditions placed upon the Application in the Commitment Notice:

(1) Evidence that the Development Owner has purchased, transferred, leased or otherwise has ownership of, the Development Site;

(2) A current original plat or survey of the land, prepared by a duly licensed Texas Registered Professional Land Surveyor. Such survey shall conform to standards prescribed in the Manual of Practice for Land Surveying in Texas as promulgated and amended from time to time by the Texas Surveyors Association as more fully described in the Carryover Procedures Manual;

(3) For all Developments involving New Construction or Adaptive Reuse, evidence of the availability of all necessary utilities/services to the Development site must be provided. Necessary utilities include natural gas (if applicable), electric, trash, water, and sewer. Such evidence must be a letter or a monthly utility bill from the appropriate municipal/local service provider. If utilities are not already accessible, then the letter must clearly state: an estimated time frame for provision of the utilities, an estimate of the infrastructure cost necessary to obtain service, and an estimate of any portion of that cost that will be borne by the Development Owner. Letters must be from an authorized individual representing the organization which actually provides the services. Such documentation should clearly indicate the Development Site. If utilities are not already accessible (undeveloped areas), then the letter should not be older than three (3) months from the first day of the Application Acceptance Period;

(4) The Development Owner must submit evidence of having commenced and continued substantial construction activities as defined in Chapter 60 of this title.

§~~49.~~50.15. LURA, Cost Certification.

(a**) Land Use Restriction Agreement (LURA**). The Development Owner must request a LURA from the Department no later than the date specified in Chapter 60 of this title, the Department's Compliance Rules. The Development Owner must complete, date, sign and acknowledge before a notary public the LURA and send the original to the Department for execution. The initial compliance and monitoring fee must be included, accompanied by a statement, signed by the Owner, indicating the start of the Development's Credit Period and the earliest placed in service date for the Development buildings. After receipt of the signed LURA from the Department, the Development Owner shall then record the LURA, along with any and all exhibits attached thereto, in the real property records of the county where the Development is located and return the original document, duly certified as to recordation by the appropriate county official, to the Department no later than the date that the Cost Certification Documentation is submitted to the Department. If any liens (other than mechanics' or materialmen's liens) shall have been recorded against the Development and/or the Property prior to the recording of the LURA, the Development Owner shall obtain the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA, which are required by §42(h)(6)(E)(ii) of the Code to remain in effect following the foreclosure of any such lien. Receipt of such certified recorded original LURA by the Department is required prior to issuance of IRS Form 8609. A representative of the Department, or assigns, shall physically inspect the Development for compliance with the Application and the representations, warranties, covenants, agreements and undertakings contained therein. Such inspection will be conducted before the IRS Form 8609 is issued for a building, but it shall be conducted in no event later than the end of the second calendar year following the year the last building in the Development is placed in service. The Development Owner for Tax-Exempt Bond Developments shall obtain a subordination agreement wherein the lien of the mortgage is subordinated to the LURA. The LURA shall contain any provision which requires the Development Owner to restrict rents and incomes at any AMGI level, as approved by the Board. The restricted gross rents for any AMGI level outlined in the LURA will be calculated in accordance with §42(g)(2)(A), Internal Revenue Code.

(b) **Cost Certification**. The Cost Certification Procedures Manual sets forth the documentation required for the Department to perform a feasibility analysis in accordance with §42(m)(2)(C)(i)(II), Internal Revenue Code, and determine the final Credit to be allocated to the Development.

(1) To request IRS Forms 8609, Developments must have:

(A) Placed in Service by December 31 of the year the Commitment Notice was issued if a Carryover Allocation was not requested and received; or December 31 of the second year following the year the Carryover Allocation Agreement was executed;

(B) Scheduled a final construction inspection in accordance with Chapter 60 of this title, the Department's Compliance Monitoring Policies and Procedures;

(C) Informed the Department of and received written approval for all Development amendments in accordance with §~~49.~~50.17(c) of this chapter;

(D) Submitted to the Department the LURA in accordance with subsection (a) of this section;

(E) Paid all applicable Department fees; and

(F) Prepared all Cost Certification documentation as more fully described in the Cost Certification Procedures Manual including:

(i) Carryover Allocation Agreement/Determination Notice and Election Statement;

(ii) Owner's Statement of Certification;

(iii) Owner Summary;

(iv) Evidence of Nonprofit and CHDO Participation;

(v) Evidence of Historically Underutilized Business (HUB) Participation;

(vi) Development Summary;

(vii) As-Built Survey;

(viii) Closing Statement;

(ix) Title Policy;

(x) Evidence of Placement in Service;

(xi) Independent Auditor's Reports;

(xii) Total Development Cost Schedule;

(xiii) AIA Form G702 and G703, Application and Certificate for Payment;

(xiv) Rent Schedule;

(xv) Utility Allowance;

(xvi) Annual Estimated Operating Expenses and 15-Year Proforma;

(xvii) Current Annual Operating Statement and Rent Roll;

(xviii) Final Sources of Funds;

(xix) Executed Limited Partnership Agreement;

(xx) Loan Agreement or Firm Commitment;

(xxi) Architect's Certification of Fair Housing Requirements; and

(xxii) TDHCA Compliance Workshop Certificate.

(2) Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. Any Developments issued a Commitment Notice or Determination Notice that fails to submit its Cost Certification documentation by this deadline will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §~~49.~~50.20(l) of this chapter;

(3) The Department will perform an initial evaluation of the Cost Certification documentation within forty-five (45) days from the date of receipt and notify the Development Owner in a deficiency letter of all additional required documentation. Any deficiency letters issued to the Development Owner pertaining to

the Cost Certification documentation will also be copied to the syndicator. The Department will issue IRS Forms 8609 no later than ninety (90) days from the date that all required documents have been received;

(4) The Department will perform an evaluation to determine if the Applicant is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for the subject property, as described in Chapter 60 of this title, prior to issuance of IRS Forms 8609.

§~~49.~~50.16. Housing Credit Allocations.

(a) In making a commitment of a Housing Credit Allocation under this chapter, the Department shall rely upon information contained in the Application to determine whether a building is eligible for the credit under the Code, §42. The Development Owner shall bear full responsibility for claiming the credit and assuring that the Development complies with the requirements of the Code, §42. The Department shall have no responsibility for ensuring that a Development Owner who receives a Housing Credit Allocation from the Department will qualify for the tax credit.

(b) The Housing Credit Allocation Amount shall not exceed the dollar amount the Department determines is necessary for the financial feasibility and the long term viability of the Development throughout the affordability period. (§2306.6711(b)). Such determination shall be made by the Department at the time of issuance of the Commitment Notice or Determination Notice; at the time the Department makes a Housing Credit Allocation; and as of the date each building in a Development is placed in service. Any Housing Credit Allocation Amount specified in a Commitment Notice, Determination Notice or Carryover Allocation Document is subject to change by the Department based upon such determination. Such a determination shall be made by the Department based on its evaluation and procedures, considering the items specified in the Code, §42(m)(2)(B), and the Department in no way or manner represents or warrants to any Applicant, sponsor, investor, lender or other entity that the Development is, in fact, feasible or viable.

(c) The General Contractor hired by the Development Owner must meet specific criteria as defined by the General Appropriation Act, Article VII, Rider 8(c). A General Contractor hired by a Development Owner or a Development Owner, if the Development Owner serves as General Contractor must demonstrate a history of constructing similar types of housing without the use of federal tax credits. Evidence must be submitted to the Department, in accordance with §~~49.~~50.9(h)(4)(I) of this chapter, which sufficiently documents that the General Contractor has constructed some housing without the use of Housing Tax Credits. This documentation will be required as a condition of the Commitment Notice or Carryover Allocation Agreement, and must be complied with prior to commencement of construction and at cost certification and final allocation of credits.

(d) An allocation will be made in the name of the Development Owner identified in the related Commitment Notice or Determination Notice. If an allocation is made to a member or Affiliate of the ownership entity proposed at the time of Application, the Department will transfer the allocation to the ownership entity as consistent with the intention of the Board when the Development was selected for an award of tax credits. Any other transfer of an allocation will be subject to review and approval by the Department consistent with §~~49.~~50.17(c) of this chapter. The approval of any such transfer does not constitute a representation to the effect that such transfer is permissible under §42 of the Code or without adverse consequences thereunder, and the Department may condition its approval upon receipt and approval of complete current documentation regarding the owner including documentation to show consistency with all the criteria for scoring, evaluation and underwriting, among others, which were applicable to the original Applicant.

(e) The Department shall make a Housing Credit Allocation, either in the form of IRS Form 8609, with respect to current year allocations for buildings placed in service, or in the Carryover Allocation Document, for buildings not yet placed in service, to any Development Owner who holds a Commitment Notice which has not expired, and for which all fees as specified in §~~49.~~50.20 of this chapter have been received by the Department and with respect to which all applicable requirements, terms and conditions have been met. For Tax-Exempt Bond Developments, the Housing Credit Allocation shall be made in the form of a Determination Notice. For an IRS Form 8609 to be issued with respect to a building in a Development with a Housing Credit Allocation, satisfactory evidence must be received by the Department that such building is completed and has been placed in service in accordance with the provisions of the Department's Cost Certification Procedures Manual. The Cost Certification documentation requirements will include a certification and inspection report prepared by a Third-Party accessibility specialist to certify that the Development meets all required accessibility standards. IRS Form 8609 will not be issued until the certifications are received by the Department. The Department shall mail or deliver IRS Form 8609 (or any successor form adopted by the Internal Revenue Service) to the Development Owner, with Part I thereof completed in all respects and signed by an authorized official of the Department. The delivery of the IRS Form 8609 will occur only after the Development Owner has complied with all procedures and requirements listed within the Cost Certification Procedures Manual. Regardless of the year of Application to the Department for Housing Tax Credits, the current year's Cost Certification Procedures Manual must be utilized when filing all cost certification materials. A separate Housing Credit Allocation shall be made with respect to each building within a Development which is eligible for a tax credit; provided, however, that where an allocation is made pursuant to a Carryover Allocation Document on a Development basis in accordance with the Code, §42(h)(1)(F), a housing credit dollar amount shall not be assigned to particular buildings in the Development until the issuance of IRS Form 8609s with respect to such buildings. The Department may delay the issuance of IRS Form 8609 if any Development violates the representations of the Application.

(f) In making a Housing Credit Allocation, the Department shall specify a maximum Applicable Percentage, not to exceed the Applicable Percentage for the building permitted by the Code, §42(b), and a maximum Qualified Basis amount. In specifying the maximum Applicable Percentage and the maximum Qualified Basis amount, the Department shall disregard the first-year conventions described in the Code, §42(f)(2)(A) and §42(f)(3)(B). The Housing Credit Allocation made by the Department shall not exceed the amount necessary to support the extended low-income housing commitment as required by the Code, §42(h)(6)(C)(i).

(g) Development inspections shall be required to show that the Development is built or rehabilitated according to construction Threshold Criteria and Development characteristics identified at application. At a minimum, all Development inspections must meet Uniform Physical Condition Standards (UPCS) as referenced in Treasury Regulation §1.42-5(d)(2)(ii) and include an inspection for quality during the construction process while defects can reasonably be corrected and a final inspection at the time the Development is placed in service. All such Development inspections shall be performed by the Department or by an independent Third Party inspector acceptable to the Department. The Development Owner shall pay all fees and costs of said inspections as described in §~~49.~~50.20 of this chapter. Details regarding the construction inspection process are set forth in the Department Rule Chapter 60 of this title, the Department's Compliance Monitoring Policies and Procedures. (§2306.081; General Appropriation Act, Article VII, Rider 8(b))

(h) After the entire Development is placed in service, which must occur prior to the deadline specified in the Carryover Allocation Document and as further outlined in §~~49.~~50.15 of this chapter, the Development Owner shall be responsible for furnishing the Department with documentation which satisfies the requirements set forth in the Cost Certification Procedures Manual. For purposes of this title, and consistent with IRS Notice 88-116, the placed in service date for a new or existing building used as residential rental property is the date on which the building is ready and available for its specifically assigned function and more specifically when the first Unit in the building is certified as being suitable for occupancy in accordance with state and local law and as certified by the appropriate local authority or registered architect as ready for occupancy. The Cost Certification must be submitted for the entire Development; therefore partial Cost Certifications are not allowed. The Department may require copies of invoices and receipts and statements for materials and labor utilized for the New Construction or Rehabilitation and, if applicable, a closing statement for the acquisition of the Development as well as for the closing of all interim and permanent financing for the Development. If the Development Owner does not fulfill all representations and commitments made in the Application, the Department may make reasonable reductions to the tax credit amount allocated via the IRS Form 8609, may withhold issuance of the IRS Form 8609s until these representations and commitments are met, and/or may terminate the allocation, if appropriate corrective action is not taken by the Development Owner.

(i) The Board at its sole discretion may allocate credits to a Development Owner in addition to those awarded at the time of the initial Carryover Allocation in instances where there is bona fide substantiation of cost overruns and the Department has made a determination that the allocation is needed to maintain the Development's financial viability.

(j) The Department may, at any time and without additional administrative process, determine to award credits to Developments previously evaluated and awarded credits if it determines that such previously awarded credits are or may be invalid and the owner was not responsible for such invalidity.

(k) If an Applicant returns a full credit allocation after the Carryover Allocation deadline required for that allocation, the Department will impose a penalty on the score for any Competitive Housing Tax Credit Applications submitted by that Applicant or any Affiliate of that Applicant for any Application in an Application Round occurring concurrent to the return of credits or if no Application Round is pending the Round immediately following the return of credits unless otherwise exempted in accordance with the Board's policy pursuant to the implementation of The Housing and Economic Recovery Act of 2008, H.R. 3221, in September 2008. The penalty will be assessed in an amount that reduces the Applicant's final awarded score by an additional 20%.

§~~49.~~50.17. Board Reevaluation, Appeals Process; Provision of Information or Challenges Regarding Applications; Amendments; Housing Tax Credit and Ownership Transfers; Sale of Tax Credit Properties; Withdrawals; Cancellations; Alternative Dispute Resolution.

(a) **Board Reevaluation**. (§2306.6731(b)). Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change between the time of initial Board approval of the Development and the time of issuance of a Commitment Notice or Determination Notice for the Development. For the purposes of this subsection, substantial change shall be those items identified in subsection (d)(4) of this section. The Board may revoke any Commitment Notice or Determination Notice issued for a Development that has been unfavorably reevaluated by the Board.

(b) **Appeals Process**. (§2306.6715). An Applicant may appeal decisions made by the Department as follows.

(1) The decisions that may be appealed are identified in subparagraphs (A) - (D) of this paragraph.

(A) A determination regarding the Application's satisfaction of:

(i) Eligibility Requirements;

(ii) Disqualification or debarment criteria;

(iii) Pre-Application or Application Threshold Criteria;

(iv) Underwriting Criteria;

(B) The scoring of the Application under the Application Selection Criteria; and

(C) A recommendation as to the amount of Housing Tax Credits to be allocated to the Application;

(D) Any Department decision that results in termination of an Application.

(2) An Applicant may not appeal a decision made regarding an Application filed by another Applicant.

(3) An Applicant must file its appeal in writing with the Department not later than the seventh day after the date the Department publishes the results of any stage of the Application evaluation process identified in §~~49.~~50.9 of this chapter. In the appeal, the Applicant must specifically identify the Applicant's grounds for appeal, based on the original Application and additional documentation filed with the original Application. If the appeal relates to the amount of Housing Tax Credits recommended to be allocated, the Department will provide the Applicant with the underwriting report upon request.

(4) The Executive Director of the Department shall respond in writing to the appeal not later than the 14th day after the date of receipt of the appeal. If the Applicant is not satisfied with the Executive Director's response to the appeal, the Applicant may appeal directly in writing to the Board, provided that an appeal filed with the Board under this subsection must be received by the Board before:

(A) The seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made; or

(B) The third day preceding the date of the Board meeting described by subparagraph (A) of this paragraph, if the Executive Director does not respond to the appeal before the date described by subparagraph (A) of this paragraph;

(5) Board review of an appeal under paragraph (4) of this subsection is based on the original Application and additional documentation filed with the original Application. The Board may not review any

information not contained in or filed with the original Application. The decision of the Board regarding the appeal is final;

(6) The Department will post to its website an appeal filed with the Department or Board and any other document relating to the processing of the appeal. (§2306.6717(a)(5))

(c) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application**. The Department will address information or challenges received from unrelated entities to a specific ~~2009~~2010 active Application, utilizing a preponderance of the evidence standard, as stated in paragraphs (1) - (3) of this subsection, provided the information or challenge includes a contact name, telephone number, fax number and e-mail address of the person providing the information or challenge and must be received by the Department no later than June 15, ~~2009~~2010:

(1) Within fourteen (14) business days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department's website;

(2) Within seven (7) business days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven (7) business days to respond to all information and challenges provided to the Department; and

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

(d) **Amendment of Application Subsequent to Allocation by Board**. (§2306.6712 and §2306.6717(a)(4))

(1) If a proposed modification would materially alter a Development approved for an allocation of a Housing Tax Credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application.

(2) The Executive Director of the Department shall require the Department staff assigned to underwrite Applications to evaluate the amendment and provide an analysis and written recommendation to the Board. The appropriate party monitoring compliance during construction in accordance with §~~49.~~50.18 of this chapter shall also provide to the Board an analysis and written recommendation regarding the amendment. For amendments which require Board approval, the amendment request must be received by the Department at least thirty (30) days prior to the Board meeting where the amendment will be considered.

(3) The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of Housing Tax Credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment:

(A) would materially alter the Development in a negative manner; or

(B) would have adversely affected the selection of the Application in the Application Round.

(4) Material alteration of a Development includes, but is not limited to:

(A) a significant modification of the site plan;

(B) a modification of the number of units or bedroom mix of units;

(C) a substantive modification of the scope of tenant services;

(D) a reduction of 3% or more in the square footage of the units or common areas;

(E) a significant modification of the architectural design of the Development;

(F) a modification of the residential density of the Development of at least 5%;

(G) an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application; and

(H) any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, the Department staff shall consider whether the need for the modification proposed in the amendment was:

(A) Reasonably foreseeable by the Applicant at the time the Application was submitted; or

(B) Preventable by the Applicant.

(6) This section shall be administered in a manner that is consistent with the Code, §42.

(7) Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and monitor regarding the amendment will be posted to the Department's website.

(8) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants targeted in the Real Estate Analysis Report at the time of the Commitment Notice issuance, as approved by the Board, the following procedure will apply. For amendments that involve a reduction in the total number of Low-Income Units being served, or a reduction in the number of Low-Income Units at any level of AMGI, as approved by the Board, evidence must be presented to the Department that includes written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request; however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development. Additionally, if it is determined by the Department that the allocation of credits would not have been made in the year of allocation because the loss of low-income targeting points would have resulted in the Application not receiving an allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all Persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for twenty-four (24) months from the time that the amendment is approved.

(e) **Housing Tax Credit and Ownership Transfers**. (§2306.6713). A Development Owner may not transfer an allocation of Housing Tax Credits or ownership of a Development supported with an allocation of Housing Tax Credits to any Person including an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer.

(1) Transfers (other than an Affiliate included in the ownership structure) will not be approved prior to the issuance of IRS Forms 8609 unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (potential bankruptcy, removal by a partner, etc.). A Development Owner seeking Executive Director approval of a transfer and the proposed transferee must provide to the Department a copy of any applicable agreement between the parties to the transfer, including any third-party agreement with the Department.

(2) A Development Owner seeking Executive Director approval of a transfer must provide the Department with documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties; and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, the Department shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, LURAs; and the sufficiency of the transferee's experience with Developments supported with Housing Credit Allocations. If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application.

(3) As it relates to the Credit Cap further described in §~~49.~~50.6(d) of this chapter, the credit cap will not be applied in the following circumstances:

(A) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(B) In cases where the General Partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(f) **Sale of Certain Tax Credit Properties**. Consistent with §2306.6726, Texas Government Code, not later than two (2) years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under §2306.6725(b)(1), Texas Government Code and who intends to sell the property shall notify the Department of its intent to sell.

(1) The Development Owner shall notify Qualified Nonprofit Organizations and tenant organizations of the opportunity to purchase the Development. The Development Owner may:

(A) During the first six-month period after notifying the Department, negotiate or enter into a purchase agreement only with a Qualified Nonprofit Organization that is also a community housing development organization as defined by the Federal Home Investment Partnership Program (HOME);

(B) During the second six-month period after notifying the Department, negotiate or enter into a purchase agreement with any Qualified Nonprofit Organization or tenant organization; and

(C) During the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the Department or any Qualified Nonprofit Organization or tenant organization approved by the Department.

(2) Notwithstanding items for which points were received consistent with §~~49.~~50.9(i) of this chapter, a Development Owner may sell the Development to any purchaser after the expiration of the compliance period if a Qualified Nonprofit Organization or tenant organization does not offer to purchase the Development at the minimum price provided by §42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. §42(i)(7)), and the Department declines to purchase the Development.

(g) **Withdrawals.** An Applicant may withdraw an Application prior to receiving a Commitment Notice, Determination Notice, Carryover Allocation Document or Housing Credit Allocation, or may cancel a Commitment Notice or Determination Notice by submitting to the Department a notice, as applicable, of withdrawal or cancellation, and making any required statements as to the return of any tax credits allocated to the Development at issue.

(h) **Cancellations**. The Department may cancel a Commitment Notice, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 with respect to a Development if:

(1) The Applicant or the Development Owner, or the Development, as applicable, fails to meet any of the conditions of such Commitment Notice or Carryover Allocation or any of the undertakings and commitments made by the Development Owner in the Applications process for the Development;

(2) Any statement or representation made by the Development Owner or made with respect to the Development Owner or the Development is untrue or misleading;

(3) An event occurs with respect to the Applicant or the Development Owner which would have made the Development's Application ineligible for funding pursuant to §~~49.~~50.5 of this chapter if such event had occurred prior to issuance of the Commitment Notice or Carryover Allocation; or

(4) The Applicant or the Development Owner or the Development, as applicable, fails to comply with these Rules or the procedures or requirements of the Department.

(i) **Alternative Dispute Resolution Policy**. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter ~~2009~~2010, 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 any time 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.

§~~49.~~50.18. Compliance Monitoring and Material Noncompliance.

The Code, §42(m)(1)(B)(iii), requires the Department as the housing credit agency to include in its QAP a procedure that the Department will follow in monitoring Developments for compliance with the provisions of the Code, §42 and in notifying the IRS of any noncompliance of which the Department becomes aware. Detailed compliance rules and procedures for monitoring are set forth in Chapter 60 of this title.

§~~49.~~50.19. Department Records; Application Log; IRS Filings.

(a) **Department Records**. At all times during each calendar year the Department shall maintain a record of the following:

(1) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Commitment Notices during such calendar year;

(2) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Carryover Allocation Documents during such calendar year;

(3) The cumulative amount of Housing Credit Allocations made during such calendar year; and

(4) The remaining unused portion of the State Housing Credit Ceiling for such calendar year.

(b) **Application Log**. (§2306.6702(a)(3) and §2306.6709). The Department shall maintain for each Application an Application Log that tracks the Application from the date of its submission. The Application Log will contain, at a minimum, the information identified in paragraphs (1) - (9) of this subsection.

(1) The names of the Applicant and all General Partners of the Development Owner, the owner contact name and phone number, and full contact information for all members of the Development Team;

(2) The name, physical location, and address of the Development, including the relevant Uniform State Service Region of the state;

(3) The number of Units and the amount of Housing Tax Credits requested for allocation by the Department to the Applicant;

(4) Any Set-Aside category under which the Application is filed;

(5) The requested and awarded score of the Application in each scoring category adopted by the Department under the Qualified Allocation Plan;

(6) Any decision made by the Department or Board regarding the Application, including the Department's decision regarding whether to underwrite the Application and the Board's decision regarding whether to allocate Housing Tax Credits to the Development;

(7) The names of individuals making the decisions described by paragraph (6) of this subsection, including the names of Department staff scoring and underwriting the Application, to be recorded next to the description of the applicable decision;

(8) The amount of Housing Tax Credits allocated to the Development; and

(9) A dated record and summary of any contact between the Department staff, the Board, and the Applicant or any Related Parties.

(c) **IRS Filings**. The Department shall mail to the Internal Revenue Service, not later than the 28th day of the second calendar month after the close of each calendar year during which the Department makes Housing Credit Allocations, a copy of each completed (as to Part I) IRS Form 8609, the original of which was mailed or delivered by the Department to a Development Owner during such calendar year, along with a single completed IRS Form 8610, Annual Low-income Housing Credit Agencies Report. When a Carryover Allocation is made by the Department, a copy of the Carryover Allocation Agreement will be mailed or faxed to the Development Owner by the Department. The original of the Carryover Allocation Document will be retained by the Department and IRS Form 8610 Schedule A will be filed by the Department with IRS Form 8610 for the year in which the allocation is made. The Department shall be authorized to vary from the requirements of this section to the extent required to adapt to changes in IRS requirements.

§~~49.~~50.20. Program Fees; Refunds; Public Information Requests; Adjustments of Fees and Notification of Fees; Extensions; Penalties.

(a) **Timely Payment of Fees**. All fees must be paid as stated in this section, unless the Executive Director has granted a waiver for specific extenuating and extraordinary circumstances. To be eligible for a waiver, the Applicant must submit a request for a waiver no later than ten (10) business days prior to the deadlines as stated in this section. Any fees, as further described in this section, that are not timely paid will cause an Applicant to be ineligible to apply for tax credits and additional tax credits and ineligible to submit extension requests, ownership changes and Application amendments. Payments made by check, for which insufficient funds are available, may cause the Application, Commitment or Allocation to be terminated.

(b) **Pre-Application Fee**. Each Applicant that submits a Pre-Application shall submit to the Department, along with such Pre-Application, a non refundable Pre-Application fee, in the amount of $10 per Unit. Units for the calculation of the Pre-Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Pre-Applications without the specified Pre-Application Fee in the form of a check will not be accepted. Pre-Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the ~~m~~Managing General Partner of the Development Owner, or Control the ~~m~~Managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Pre-Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d)). For Tax Exempt Bond Developments with the Department as the issuer, the Applicant shall submit the following fees: $1,000 (payable to TDHCA), $2,000 (payable to Vinson & Elkins, Bond Counsel), and $5,000 (payable to the Texas Bond Review Board).

(c**) Application Fee**. Each Applicant that submits an Application shall submit to the Department, along with such Application, an Application fee. For Applicants having submitted a Pre-Application which met Pre-Application Threshold and for which a Pre-Application fee was paid, the Application fee will be $20 per Unit. For Applicants not having submitted a Pre-Application, the Application fee will be $30 per Unit. Units for the calculation of the Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Applications without the specified Application Fee in the form of a check will not be accepted. Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the ~~m~~Managing General Partner of the Development Owner, or Control the ~~m~~Managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d)). For Tax Exempt Bond Developments with the Department as the Issuer the Applicant shall submit a tax credit application fee of $30 per unit and bond application fee of $10,000. For Tax-Exempt Bond Development refunding Applications, with the Department as the issuer, the Application Fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000. Those Applications utilizing a local issuer only need to submit the tax credit application fee.

(d) **Refunds of Pre-Application or Application Fees**. (§2306.6716(c)). Upon written request from the Applicant, the Department shall refund the balance of any fees collected for a Pre-Application or Application that is withdrawn by the Applicant or that is not fully processed by the Department. The amount of refund on Pre-Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 50% of the review, and Threshold review prior to a deficiency issued will constitute 30% of the review. Deficiencies submitted and reviewed constitute 20% of the review. The amount of refund on Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 20% of the review, the site visit will constitute 20% of the review, Eligibility and Selection review will constitute 20%, and Threshold review will constitute 20% of the review, and underwriting review will constitute 20%. The Department must provide the refund to the Applicant not later than the 30th day after the date of request.

(e) **Third Party Underwriting Fee**. Applicants will be notified in writing prior to the evaluation of a Development by an independent external underwriter in accordance with §~~49.~~50.9(d)(6), (e)(3), and (f)(6) of this chapter if such a review is required. The fee must be received by the Department prior to the engagement of the underwriter. The fees paid by the Development Owner to the Department for the external underwriting will be credited against the commitment fee established in subsection (f) of this section, in the event that a Commitment Notice or Determination Notice is issued by the Department to the Development Owner.

(f) **Commitment or Determination Notice Fee**. Each Development Owner that receives a Commitment Notice or Determination Notice shall submit to the Department, not later than the expiration date on the Commitment or Determination notice, a Commitment or Determination fee equal to 5% of the annual Housing Credit Allocation amount. The Commitment or Determination fee shall be paid by check. If a Development Owner of an Application awarded Competitive Housing Tax Credits has paid a Commitment Fee and returns the credits by November 1, ~~2009~~2010, the Development Owner may receive a refund of 50% of the Commitment Fee. If a Development Owner of an Application awarded Housing Tax Credits associated with Tax-Exempt Bonds has paid a Determination Fee and is not able close on the bond transaction within ninety (90) days of the issuance date of the Determination Notice, the Development Owner may receive a refund of 50% of the Determination Fee. The Determination Fee will not be refundable after ninety (90) days of the issuance date of the Determination Notice.

(g) **Compliance Monitoring Fee**. Upon receipt of the cost certification, the Department will invoice the Development Owner for compliance monitoring fees. The amount due will equal $40 per tax credit unit. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. For Tax-Exempt Bond Developments with the Department as the issuer, the annual tax credit compliance fee will be paid annually in advance (for the duration of the compliance or affordability period) and is equal to $40/Unit beginning two (2) years from the first payment date of the bonds; the asset management fee is paid in advance and is equal to $25/Unit beginning two (2) years from the first payment date, if applicable. Compliance fees may be adjusted from time to time by the Department.

(h) **Building Inspection Fee**. The Building Inspection Fee must be paid at the time the Commitment Fee is paid. The Building Inspection Fee for all Developments is $750. Inspection fees in excess of $750 may be charged to the Development Owner not to exceed an additional $250 per Development.

(i) **Tax-Exempt Bond Credit Increase Request Fee**. As further described in §~~49.~~50.12 of this chapter, requests for increases to the credit amounts to be issued on IRS Forms 8609 for Tax-Exempt Bond Developments must be submitted with a request fee equal to 5% of the amount of the credit increase for one year.

(j) **Public Information Requests**. Public information requests are processed by the Department in accordance with the provisions of the Government Code, Chapter 552. The Department uses the guidelines promulgated by the Office of the Attorney General to determine the cost of copying, and other costs of production.

(k) **Periodic Adjustment of Fees by the Department and Notification of Fees**. (§2306.6716(b)). All fees charged by the Department in the administration of the tax credit program will be revised by the Department from time to time as necessary to ensure that such fees compensate the Department for its administrative costs and expenses. The Department shall publish each year an updated schedule of Application fees that specifies the amount to be charged at each stage of the Application process. Unless otherwise determined by the Department, all revised fees shall apply to all Applications in process and all Developments in operation at the time of such revisions.

(l) **Extension and Amendment Requests**.

(1) All extension requests relating to the Carryover, Documentation for 10% Test, Substantial Construction Commencement, Placed in Service or Cost Certification requirements shall be submitted to the Department in writing and be accompanied by a mandatory non-refundable extension fee in the form of a check in the amount of $2,500. Such requests must be submitted to the Department no later than the date for which an extension is being requested. All requests for extensions totaling less than six (6) months may be approved by the Executive Director and are not required to have Board approval. For extensions that require Board approval, the extension request must be received by the Department at least fifteen (15) business days prior to the Board meeting where the extension will be considered. The extension request shall specify a requested extension date and the reason why such an extension is required. Carryover extension requests shall not request an extended deadline later than December 1st of the year the Commitment Notice was issued. The Department, in its sole discretion, may consider and grant such extension requests for all items. If an extension is required at Cost Certification, the fee of $2,500 must be received by the Department to qualify for issuance of Forms 8609.

(2) Amendment requests must be submitted consistent with §~~49.~~50.17(d) of this chapter. Amendment requests shall be submitted to the Department in writing and be accompanied by a mandatory non-refundable amendment fee in the form of a check in the amount of $2,500. The amendment request will not be considered received until the corresponding fee is received.

(3) The Board may waive extension or amendment fees for good cause.

(m) Penalties. Development Owners who have more tax credits allocated to them than they can substantiate through Cost Certification will return those excess tax credits prior to issuance of 8609's. For Competitive Housing Tax Credit Developments, a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's if the tax credits are not returned, and 8609's issued, within one hundred eighty (180) days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with §42, Internal Revenue Code.

§~~49.~~50.21. Manner and Place of Filing All Required Documentation.

(a) All Applications, letters, documents, or other papers filed with the Department must be received only between the hours of 8:00 a.m. and 5:00 p.m. on any day which is not a Saturday, Sunday or a holiday established by law for state employees.

(b) All notices, information, correspondence and other communications under this chapter shall be deemed to be duly given if delivered or sent and effective in accordance with this subsection. Such correspondence must reference that the subject matter is pursuant to the Tax Credit Program and must be addressed to the Housing Tax Credit Program, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas 78711-3941 or for hand delivery or courier to 221 East 11th Street, Austin, Texas 78701 or more current address of the Department as released on the Department's website. Every such correspondence required or contemplated by this chapter to be given, delivered or sent by any party may be delivered in person or may be sent by courier, telecopy, express mail, telex, telegraph or postage prepaid certified or registered air mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this subsection. Regardless of method of delivery, documents must be received by the Department no later than 5:00 p.m. for the given deadline date. Notice by courier, express mail, certified mail, or registered mail will be considered received on the date it is officially recorded as delivered by return receipt or equivalent. Notice by telex or telegraph will be deemed given at the time it is recorded by the carrier in the ordinary course of business as having been delivered, but in any event not later than one business day after dispatch. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the Department.

(c) If required by the Department, Development Owners must comply with all requirements to use the Department's website to provide necessary data to the Department.

§~~49.~~50.22. Waiver and Amendment of Rules.

(a) The Board, in its discretion, may waive any one or more of these Rules if the Board finds that a waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

(b) Section 1.13 of this title may be waived for any person seeking any action by filing a request with the Board.

(c) The Department may amend this chapter and the Rules contained herein at any time in accordance with the Texas Government Code, Chapter 2001.

§~~49.~~50.23. Deadlines for Allocation of Housing Tax Credits. (§2306.6724).

(a) Not later than September 30 of each year, the Department shall prepare and submit to the Board for adoption the draft QAP required by federal law for use by the Department in setting criteria and priorities for the allocation of tax credits under the Housing Tax Credit program.

(b) The Board shall adopt and submit to the Governor the QAP not later than November 15 of each year.

(c) The Governor shall approve, reject, or modify and approve the QAP not later than December 1 of each year. (§2306.67022; §42(m)(1))

(d) The Board shall annually adopt a manual, corresponding to the QAP, to provide information on how to apply for Housing Tax Credits.

(e) Applications for Housing Tax Credits to be issued a Commitment Notice during the Application Round in a calendar year must be submitted to the Department not later than March 1.

(f) The Board shall review the recommendations of Department staff regarding Applications and shall issue a list of approved Applications each year in accordance with the Qualified Allocation Plan not later than June 30.

(g) The Board shall approve final commitments for allocations of Housing Tax Credits each year in accordance with the Qualified Allocation Plan not later than July 31, unless unforeseen circumstances prohibit action by that date. In any event, the Board shall approve final commitments for allocations of Housing Tax Credits each year in accordance with the Qualified Allocation Plan not later than September 30. Department staff will subsequently issue Commitment Notices based on the Board's approval. Final commitments may be conditioned on various factors approved by the Board, including resolution of contested matters in litigation.

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 35, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 33, 2010 Multifamily Housing Revenue Bond Rules for comment in the *Texas Register*.

Required Action

Approve, Deny or Approve with Amendments the Draft 2010 Multifamily Housing Revenue Bond Rules to be published in the *Texas Register* and receive public comment.

Background

Changes to the draft rules include language that make the 2010 Multifamily Housing Revenue Bond Rules (the "Bond Rules") consistent with the other multifamily program rules. These rules will provide greater flexibility and choices to improve the overall quality of multifamily developments. These rules contain language that mirrors the 2010 Qualified Allocation Plan and Rules (the "QAP") that explains that the 2010 QAP, once approved by the Board, may have changes that would affect the Housing Tax Credit applications that coincide with the Bond program, and the QAP would take precedence over the 2010 Bond Rules where applicable. The draft rules will be posted on the Department's website and published in the *Texas Register*. Public comment will be taken via mail, email or facsimile. There will be consolidated public hearings between September 18th and October 19th to garner public comment. The rules will be brought before the Board in November for final approval.

The primary changes proposed are made to ensure consistency with other multifamily rules and provide more clarity. Listed below is a summary of the significant proposed changes.

1. **§33.3(d) – Definitions (Pages 2-4 of 17)**. This section includes changes made to mirror those made in the QAP.

2. **§33.6(d) – Pre-Application Threshold Requirements (Page 6, 8-10 of 17)**. This section includes changes to the green building amenities that mirror those changes made in the QAP.

   The minimum sizes of the units and the required threshold amenities section includes minor changes for consistency with the QAP. In addition, changes were made to the notifications and signage requirements to mirror those requirements in the QAP.

3. **§33.6(i) – Pre-Application - Administrative Deficiencies (Page 12 of 17).** This section will be changed to reflect those changes made in the QAP.

4. **§33.8(b) – Fees (Page 16 of 17).** This section has been changed to reflect changes made regarding asset oversight. Specifically, based on previous Board action, asset oversight is no longer required and participation in the program is voluntary.

Recommendation

Staff recommends the Board approve the Draft 2010 Multifamily Housing Revenue Bond Rules for publication in the *Texas Register* to receive public comment and conduct the consolidated public hearings with the other applicable rules and allow staff to make changes to these rules, where applicable, to be consistent with other rules being approved at this Board meeting.

Multifamily Finance Production Division

2010 MULTIFAMILY HOUSING REVENUE BOND RULES

TITLE 10, PART 1, CHAPTER 33, TEXAS ADMINISTRATIVE CODE

~~COMMUNITY DEVELOPMENT~~

~~**PART 1** TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS~~

~~**CHAPTER 35** 2009 MULTIFAMILY HOUSING REVENUE BOND RULES~~

TITLE 10, COMMUNITY DEVELOPMENT
PART I. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 33. MULTIFAMILY HOUSING REVENUE BOND RULES
10 TAC §§33.1 – 33.10

§~~35~~33.1. Introduction.

The purpose of this chapter is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon Developments financed with the issuance of Bonds for the ~~2009~~ 2010 Private Activity Bond Program Year. The rules and provisions contained in this chapter are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a housing tax credit allocation should consult the Department's Qualified Allocation Plan and Rules ("QAP"), in effect for the program year for which the Housing Tax Credit application will be submitted. If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in the chapter. The Department encourages the participation in the Multifamily Bond programs by working directly with Applicants, lenders, trustees, legal counsels, local and state officials and the general public to conduct business in an open, transparent and straightforward manner. The Department has simplified the process, within the limitation of statute, to affirmatively support and create affordable housing throughout the State of Texas.

§~~35~~33.2. Authority.

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code. All Bonds issued by the Department must conform to the requirements of the Act. Notwithstanding anything herein to the contrary, tax-exempt Bonds which are issued to finance the Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to Chapter 2306 and Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this chapter).

§~~35~~33.3. Definitions.

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

(1) Administrative Deficiency--As defined in §~~49~~50.3(2) of this title.
(2) Applicant--As defined in §~~49~~50.3(7) of this title.
(3) Application--As defined in §~~49~~50.3(8) of this title.
(4) Board--The Governing Board of the Department.
(5) Bond--An evidence of indebtedness or other obligation, regardless of the sources of payment, issued by the Department under the Act, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable, or nonnegotiable, in bearer or registered form, in certified or book entry form, in temporary or permanent form, or with or without interest coupons.
(6) Code--The U.S. Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.
(7) Development--As defined in §~~49~~50.3(32) of this title.
(8) Development Owner--As defined in §~~49~~50.3(35) of this title.
(9) Eligible Tenants--
(A) individuals and families of Extremely Low, Very Low and Low Income;
(B) Families of Moderate Income (in each case in the foregoing subparagraph (A) and (B) of this paragraph as such terms are defined by the Issuer under the Act); and

(C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.

(10) Extremely Low Income--The income received by an individual or family whose income does not exceed 30% of the area median income or applicable federal poverty line, as determined by the Act.

(11) Family of Moderate Income--A family:

(A) that is determined by the Board to require assistance taking into account:

(i) the amount of total income available for the housing needs of the individuals and family;

(ii) the size of the family;

(iii) the cost and condition of available housing facilities;

(iv) the ability of the individuals and family to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing; and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of Low Income.

(12) Ineligible Building Type--As defined in §~~49~~50.3(~~56~~58) of this title.

(13) Institutional Buyer--

(A) An accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §230.501(a)(4) - (6)); or

(B) A qualified institutional buyer as defined by Rule 144A promulgated under the Securities Act of 1935, as amended (17 CFR §230.144A).

(14) Intergenerational Housing--As defined in §~~49~~50.3(~~57~~59) of this title.

(15) Low Income--The income received by an individual or family whose income does not exceed 80% of the area median income or applicable federal poverty line, as determined by the Act.

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

(17) Material Deficiency—As defined in §50.3(65) of this title.

(18~~7~~) New Construction--As defined in §~~49~~50.3(~~6468~~70) of this title.

(19~~8~~) Owner--An Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.

(20~~19~~) Persons with Special Needs--Persons who:

(A) Are considered to be disabled under a state or federal law;

(B) Are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program;

(C) Are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise; or

(D) Are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph and meet the income guidelines established by the Board.

(21~~0~~) Private Activity Bonds--Any Bonds described by §141(a) of the Code.

(22~~1~~) Private Activity Bond Program Scoring Criteria--The scoring criteria established by the Department for the Department's Multifamily Housing Revenue Bond Program, §~~35~~33.6(e) of this title.

(23~~2~~) Private Activity Bond Program Threshold Requirements--The threshold requirements established by the Department for the Department's Multifamily Housing Revenue Bond Program, §~~35~~33.6(d) of this title.

(24~~3~~) Program--The Department's Multifamily Housing Revenue Bond Program.

(25~~4~~) Proper Site Control--Regarding the legal control of the land to be used for the Development, means the earnest money contract is in the name of the Applicant (principal or member of the General Partner); fully executed by all parties and escrowed by the title company.

(26~~5~~) Property--~~The real estate and all improvements thereon, whether currently existing or proposed to be built thereon in connection with the Development, and including all items of personal property affixed or related thereto.~~ The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(27~~6~~) Qualified 501(c)(3) Bonds--Any Bonds described by §145(a) of the Code.

(28~~7~~) Rehabilitation--As defined in §~~49~~50.3(~~8185~~86) of this title.

–(2~~8~~9) Rural Area--An area that is located (this definition is not the same as Rural Projects as defined in §520 of the Housing Act of 1949 for purposes of determining rural income as described in H.R 3221):

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

—(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an ~~u~~Urban ~~a~~Area; or

—(C) In an Area that is eligible for funding by Texas Rural Development Office of the United States Department of Agriculture (TRDO-USDA), other than an area that is located in a municipality with a population of more than 50,000 (§2306.004).

–(30~~29~~) Rural Development--A Development or proposed Development that is located in a Rural Area, other than rural new construction Developments with more than 80 units.

–(31~~0~~) Tenant Income Certification--A certification as to income and other matters executed by the household members of each tenant in the Development, in such form as reasonably may be required by the Department in satisfaction of the criteria prescribed by the Secretary of Housing and Urban Development under §8(f)(3) of the Housing Act of 1937 ("the Housing Act") (42 U.S.C. 1437f) for purposes of determining whether a family is a lower income family within the meaning of the §8(f)(1) of the Housing Act.

–(32~~1~~) Tenant Services--Social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §§601 et seq.), and other similar services.

–(33~~2~~) Tenant Services Program Plan--The plan, subject to approval by the Department, which describes the Tenant Services to be provided by the Development Owner in a Development.

–(34~~3~~) Trustee--A national banking association organized and existing under the laws of the United States, as trustee (together with its successors and assigns and any successor trustee).

–(35~~4~~) TRDO-USDA--As defined in §4~~9~~50.3(~~94~~1042) of this title.

–(36~~5~~) Unit--As defined in §4~~9~~50.3(~~95~~1053) of this title.

–(37~~6~~) Very Low Income--The income received by an individual or family whose income does not exceed 60% of the area median income or applicable federal poverty line as determined under the Act.

§~~35~~33.4. –Policy Objectives & Eligible Developments.

The Department will issue Bonds to finance the rehabilitation, preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income.

§~~35~~33.5. –Bond Rating and Investment Letter.

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

(b) Investment Letters. Bonds rated less than "A," or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investment letter acceptable to the Department. Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§~~35~~33.6. –Application Procedures, Evaluation and Approval.

(a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Application--including costs associated with the publication and posting of required public notices--and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any stage during the Application process, the Applicant is solely responsible for determining whether to proceed with the Application, and the Department disclaims any and all responsibility and liability in this regard.

(b) Pre-application. An Applicant who requests financing from the Department for a Development shall submit a pre-application in a format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed Development. Upon review of the pre-application, if the Development is determined to be ineligible for Bond financing by the Department, the Department will send a letter to the Applicant explaining the reason for the ineligibility. If the Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as described in subsection (d) of this section.

The Department will rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score, reflecting a priority structure which gives consideration to the income levels of the tenants and the rent levels of the units consistent with §2306.359. This priority ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use, as a tie-breaking mechanism, a priority first for Applications involving rehabilitation; then if a tie still exists, the Application with the greatest number of points awarded for Quality and Amenities for the Development; then if a tie still exists, the Department will grant preference to the pre-application with the lower number of net rentable square feet per bond amount requested. Pre-Applications must meet the threshold requirements as stated in the Private Activity Bond Program Threshold Requirements as set out in subsection (c) of this section.

After scoring and ranking, the Development and the proposed financing structure will be presented to the Department's Board for consideration of a resolution declaring the Department's initial intent to issue Bonds (the "inducement resolution") with respect to the Development. After Board approval of the inducement resolution, the induced Applications will be submitted to the Texas Bond Review Board for its lottery, waiting list or carryforward processing in rank order.

Bond Review Board Lottery. The Texas Bond Review Board will draw the number of lottery numbers that equates to the number of eligible Applications submitted by the Department for participation in lottery. The lottery numbers drawn will not equate to a specific Development. The Texas Bond Review Board will thereafter assign the lowest lottery number drawn to the highest ranked Application as previously determined by the Department.

Bond Review Board Waiting List and Carryforward. The Texas Bond Review Board will issue reservations of allocation for Applications submitted for the waiting list or carryforward in the order provided by the Department based on rank. The criteria by which a Development may be deemed to be eligible or ineligible are explained in subsection (j) of this section, entitled Eligibility Criteria. The Private Activity Bond Program Scoring Criteria will be posted on the Department's website.

(c) Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application. The TDHCA Board reviews the Development as a whole for adherence to timelines and notification rules in the Qualified Allocation Plan and Rules, the need for the Development, compliance with local government rules and procedures, financial feasibility and the input of local and state officials and interested community members. These factors and others will be used to make the final determination at the appropriate time. Because each Development is unique, making the final determination is often dependent on the issues presented at the time the Application is presented to the Board.

(d) Pre-Application Threshold Requirements.

–(1) As the Department reviews the Application, the Department will use the following assumptions, even if not reflected by the Applicant in the Application. Prequalification Assumptions:

—(A) Development Feasibility:

——(i) Debt Coverage Ratio must be greater than or equal to 1.15;

——(ii) Deferred Developer Fees are limited to 80% of Developer's Fees;

——(iii) Contractor Fee, Overhead and General Requirements are limited to 14% of direct costs plus site work cost; and

——(iv) Developer Fees cannot exceed 15% of the project's Total Eligible Basis.

—(B) Construction Costs Per Unit Assumption. Costs not to exceed $85 per square foot for general population developments and $95 for elderly developments (Acquisition/Rehab developments are exempt from this requirement);

—(C) Anticipated Interest Rate and Term. As stated in the Summary of Financing Participants in the pre-application;

—(D) Size of Units (Acquisition/Rehab developments are exempt from this requirement):

—(i) Efficiency Units must be at least 550 square feet;

—(ii) One bedroom Unit must be greater than or equal to 650 square feet for family and ~~600~~ 550 square feet for senior Units;

—(iii) Two bedroom Unit must be greater than or equal to 900 square feet for family and 700 square feet for senior Units;

—(iv) Three bedroom Unit must be greater than or equal to 1,000 square feet;

—(v) Four bedroom Unit must be greater than or equal to 1,200 square feet.

–(2) Appropriate Zoning. Evidence of appropriate zoning for the proposed use or evidence of application made and pending decision;

–(3) Executed Site Control. Properly executed and escrow receipted site control through the inducement Board meeting at pre-application and ninety (90) days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting at full application. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting;

–(4) Current Market Information (must support affordable rents);

–(5) Completed current TDHCA Bond Pre-Application;

–(6) Completed Multifamily Rental Worksheets;

–(7) Certification of Local Elected Official request for neighborhood organization information and Public Notification Information;

–(8) Completed ~~2009~~ 2010 Bond Review Board Residential Rental Attachment;

–(9) Signed letter of Responsibility for All Costs Incurred;

–(10) Signed Mortgage Revenue Bond Program Certification Letter;

–(11) Evidence of Paid Application Fees ($1,000 to TDHCA, $2,000 to Vinson and Elkins, as the Department's bond counsel, and $5,000 to Bond Review Board);

–(12) Boundary Survey or Plat clearly identifying the location and boundaries of the subject property;

–(13) Local Area map showing the location of the Property and Community Services/Amenities within a three (3) mile radius;

–(14) Utility Allowance documented from the Appropriate Local Housing Authority;

–(15) Organization Chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant with evidence of Entity Registration or Reservation with the Secretary of State; and

–(16) Required Notification. Evidence of notification is required in the form of the "Certification of Notifications" form provided in the pre-application stating that they made all the required notifications prior to the deadlines and a copy of the entire mailing list on the "Public Information Form" (including names and complete addresses) of all the recipients. Proof of delivery of the notification must not be older than three months prior to the date of Application submission date. Notification must be sent to all the following individuals and entities (If the QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed in subparagraphs (A) - (F) of this paragraph, then the QAP and Rules will override the notification process listed in subparagraphs (A) - (F) of this paragraph):

—(A) State Senator and Representative that represents the community containing the development;

—(B) Presiding Officer of the governing body of any municipality containing the development and all elected members of that body (Mayor, City Council members);

—(C) Presiding Officer of the governing body of the county containing the development and all elected members of that body (County Judge and/or Commissioners);

—(D) School District Superintendent of the school district containing the development;

—(E) Presiding Officer of the School Board of Trustees of the school district containing the development; and

—(F) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under clause (i) of this subparagraph must be made by the deadlines described in that clause. Evidence of notification must meet the requirements identified in clause (ii) of this subparagraph to all of the individuals and entities identified in clause (iii) of this subparagraph.

——(i) The Applicant must request Neighborhood Organizations on record with the county or~~and~~ state whose boundaries include the proposed Development Site as follows:

———(I) No later than fourteen (14) days prior to the date the Application is submitted, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application materials to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located in an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format;

———(II) If no reply letter is received from the local elected officials by seven (7) days prior to the Application submission, then the Applicant must certify to that fact with the "Pre-Application Notification Certification Form" provided in the Pre-Application materials; and

———(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries ~~contain~~ include the proposed Development Site as provided by the local elected officials, or that the Applicant has knowledge of ~~as of~~ (irrespective of whether the organization is on record with the county or state)~~even if not listed with the county or state~~ as of the~~.the~~ Pre-Application s~~S~~ubmission in the "Certification of Notification Form" provided in the Pre-Application.

——(ii) No later than the date the Pre-Application is submitted, Notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt <email or fax to be “receipt confirmed”>~~return or similar tracking mechanism~~ in the format required in the "Pre-Application Notification Template" provided in the Pre-Application materials. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials; however the county officials are required to be notified. Evidence of Notification is required in the form of a certification in the "Certification of Notification Form" provided in the Pre-Application materials. It is strongly encouraged that Applicants retain proof of delivery of the notifications to the persons or entities prescribed in subclauses (I) - (IX) of this clause in the event the Department requires proof of Notification. Evidence of proof of delivery is demonstrated by signed receipt for mail or courier delivery and confirmation of receipt by recipient for facsimile and electronic mail. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

———(I) Neighborhood Organizations on record with the state or county whose boundaries contain the proposed Development Site as identified in clause (i)(III) of this subparagraph;

———(II) Superintendent of the school district containing the Development;

———(III) Presiding officer of the board of trustees of the school district containing the Development;

———(IV) Mayor of any municipality containing the Development;

———(V) All elected members of the governing body of any municipality containing the Development;

———(VI) Presiding officer of the governing body of the county containing the Development;

———(VII) All elected members of the governing body of the county containing the Development;

———(VIII) State representative of the district containing the Development; and

———(IX) State senator of the district containing the Development.

——(iii) Each such notice must include, at a minimum, all of the following:

———(I) The Applicant's name, address, individual contact name and phone number;

———(II) The Development name, address, city and county;

———(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Private Activity Bonds and Housing Tax Credits with the Texas Department of Housing and Community Affairs;

———(IV) Statement of whether the Development proposes New Construction or Rehabilitation;

———(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

———(VI) The approximate total number of Units and approximate total number of low-income Units;

——(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate; and

——(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur.

–______(17) All New Construction or Reconstruction units must provide the amenities in subparagraphs (A) - (G) of this paragraph. Rehabilitation (excluding Reconstruction) must provide the amenities in subparagraphs (B) - (G) of this paragraph unless expressly identified as not required (§2306.187).

—____________(A) All new construction units must be wired with RG-6 COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;

—____________(B) Blinds or window coverings for all windows;

—____________(C) Disposal and Energy-Star or equivalently rated dishwasher ~~and disposal~~ (not required for TRDO-USDA Developments);

—____________(D) Energy-Star or equivalently rated Refrigerator (not required for SRO Developments);

—____________(E) Oven/Range (not required for SRO Developments);

—____________(F) Exhaust/vent fans (vented to the outside) in bathrooms;

—____________(G) Energy-Star or equivalently rated ceiling fans in living areas and bedrooms; and

—____________(H) Energy-Star or equivalently rated lighting in all Units which may include compact fluorescent bulbs.

(e) Pre-Application Scoring Criteria.

–______(1) Income and rent levels of the tenants: Priority 1 applications will receive 10 points, Priority 2 applications will receive 7 points and Priority 3 applications will receive 5 points.

–______(2) Construction Cost Per Unit includes: direct hard costs, site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. Must be greater than or equal to $85 per square foot for general population Developments and $95 per square foot for elderly Developments (1 point) (Acquisition/Rehab will automatically receive (1 point)).

–______(3) Size of Units. Average size of all Units combined in the development must be greater than or equal to 950 square foot for family and must be greater than or equal to 750 square foot for elderly (5 points). (Acquisition/Rehab developments will automatically receive 5 points).

–______(4) Period of Guaranteed Affordability for Low Income Tenants. Add ten (10) years of affordability after the extended use period for a total affordability period of forty (40) years (1 point).

–______(5) Quality and Amenities Substitutions in amenities will be allowed as long as the overall score is not affected. Applications in which Developments provide specific qualities and amenities at no extra charge to the tenant will be awarded points as follows: Acquisition/Rehab developments will receive 1.5 points for each item.

—(A) Laundry Connections (2 points);

—(B) Self-cleaning or continuous cleaning ovens (1 point);

—(C) Microwave Ovens (in each Unit) (1 point);

—(D) Refrigerator with icemaker (1 point);

—(E) Laundry equipment (washer and dryers) for each individual Unit including a front load washer and dryer in required UFAS compliant Units (3 points);

—(F) Storage Room of approximately 9 square feet or greater (does not include bedroom, entryway or linen closets (does not have to be in the unit but must be on the property site) (1 point);

—(G) Covered entries (1 point);

—(H) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);

—(I) Covered patios or covered balconies (1 point);

—(J) Covered Parking (including garages) of at least one covered space per Unit (2 points);

—(K) High speed internet service to all Units at no cost to residents (2 points);

—(L) Fire sprinklers in all Units (2 points);

—(M) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry; excludes EIFS synthetic stucco (3 points). Applicants may not select this item if subparagraph (N) of this paragraph is selected);

—(N) Greater than 75% Masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry; excludes EIFS synthetic stucco (1 point). Applicants may not select this item if subparagraph (M) of this paragraph is selected);

—(O) Thirty year architectural shingle roofing (1 point);

—(P) Use of energy efficient alternative construction materials (structurally insulated panels) with wall insulation at a minimum of R-20 (3 points);

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

—(R) 14 SEER HVAC or evaporative coolers in dry climates for new construction, adaptive reuse and reconstruction or radiant barrier in the attic for the rehabilitation (3 points);

—(S) One Children's Playscape Equipped for 5 to 12 years olds, or one Tot Lot (1 point);

—(T) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points);

—(U) Sport Court (Tennis, Basketball or Volleyball) (2 points);

—(V) Enclosed sun porch or covered community porch/patio (2 points);

—(W) BBQ Grills and Tables (at least one each per 50 Units) (1 point);

(X) Accessible walking path/jogging path separate from a sidewalk (1 point);

—(Y) Full Perimeter Fencing (2 points);

—(Z) Controlled access gate (1 point);

—(AA) Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 Units proposed in the Application, and 1 printer for every 3 computers (with a minimum of one printer), and 1 fax machine (2 points);

—(BB) Furnished and staffed children's activity center (3 points);

—(CC) Horseshoe pit, putting green or shuffleboard court (1 point);

—(DD) Furnished Fitness Center equipped with a minimum of two of the following fitness equipment options with at least one per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, stationary weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points);

—(EE) Library with an accessible sitting area (separate from the community room) (1 point);

—(FF) Gazebo with sitting area (1 point);

—(GG) Covered Pavilion that includes barbeque grills and tables (2 points);

—(HH) Swimming pool (3 points);

—(II) Community laundry room (with at least one front loading washer) (1 point);

—(JJ) Furnished Community room (1 point);

—(KK) Service coordinator office in addition to leasing offices (1 point);

—(LL) Senior Activity Room (Arts and Crafts, etc.) (2 points);

—(MM) Health Screening Room (1 point);

—(NN) Secured Entry (elevator buildings only) (1 point);

—(OO) Community Dining Room with full or warming kitchen (3 points);

—(PP) Community Theatre Room equipped with a 52 inch or larger screen with surround sound equipment, DVD player; and theatre seating (3 points);

—(QQ) Green Building amenities: (Rehabilitation Developments will receive 1.5 points for each point requested for the green building amenities):

~~—(i) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);~~

—(~~i~~i) passive solar heating/cooling (3 points maximum):

—(I) Two points if the glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and the east-west axis of the building is within 15 degrees of due east-west;

—(II) One point if in addition to the above, if the project ~~east-west axis of the building oriented within 15 degrees of due east-west,~~ utilizes a narrow floor plate (less than 40 feet) and ~~,~~ single loaded corridors ~~and open floor plan~~ to optimize daylight penetration and passive ventilation ~~(note: to qualify for this particular point, application must also implement the 15 degree building orientation option above); and 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August)~~; and solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.

—(~~i~~ii) water conserving features (2 points maximum, 1 point for each):

—(I) Install ~~low-flow toilets using less than or equal to 1.6 gallons per flush, or~~ high efficiency toilets using less than or equal to 1.28 gallons/flush or WaterSense certified;

—(II) Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets;

——(~~iv~~iii) ~~solar water heaters~~ ~~(~~ Provide ~~S~~solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.~~)~~ (2 points);

——(iv) irrigation and landscaping ~~(must implement both of the following)~~ (2 points):

———(I) collected water (at least 50%) for irrigation purposes;

———(II) selection of native trees and plants that are appropriate to the site's soils and microclimate ~~and locate then to allow for shading in the summer and allow for heat gain in the winter~~;

——(v~~i~~) sub-metered utility meters (2 points maximum):

———(I) sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or

———(II) sub-metered utility meters on new construction project (excluding new construction senior project) (1 point);

——(vi~~i~~) energy efficiency (4 points maximum);

———(I) Three points if ~~Energy Elements~~ the development uses ~~include~~ Energy-Star qualified windows and glass doors exclusively~~; and Exterior envelope~~ insulation, ~~vapor barriers~~ and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and HVAC, and domestic hot water heater, or insulation that exceeds Energy Star standards ~~or exceeds the IRC 2006~~; or

———(II) Four points if the project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85;

——(vii~~i~~) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

——(~~ix~~viii) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum):

———(I) Photovoltaic panels that total 10 kW (1 point);

———(II) Photovoltaic panels that total 20 kW (2 points);

———(III) Photovoltaic panels that total 30 kW (3 points);

——(ix) construction waste management to divert a minimum of 50%of construction waste from landfills ~~and~~

(x) implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);

——(xi) recycling service provided throughout the compliance period (1 point);

——(xii) water permeable paving and walkways (at least 20% of walkways and parking) (1 point);

——(xiii) renewable materials, provide at least one of the following: bamboo flooring, wool carpet, linoleum flooring, straw board cabinetry, poplar OSB, or cotton batt insulation (1 point)

-(ixx) healthy flooring, provide at least one of the following for ~~(~~50% of flooring ~~on the ground floor of the development must be~~ finished concrete, ~~and/or~~ ceramic tile, ~~. 50% of the flooring on upper floors must be ceramic tile and/~~or a resilient flooring material that is Floor Score Certified ~~(developed by the Resilient Floor Covering Institute)~~, applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (~~2~~ 1 point~~s~~).

(xx) healthy finish materials; use paints, stains, adhesives, and sealants consistent with the Green Seal 11 standard or other applicable Green Seal standards. (1 Point)

–(6) Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included);

—(A) $10.00 per Unit per month (10 points);

—(B) $7.00 per Unit per month (5 points);

—(C) $4.00 per Unit per month (3 points).

–(7) Zoning appropriate for the proposed use or no zoning required for the intended use must be in place at the time of the Application submission date, which is listed on the Department's website for Applications submitted for waiting list and carryforward, in order to receive points (5 points).

–(8) Proper Site Control (as defined in §~~35~~33.3(24) of this title). Site control must be through the scheduled Board meeting inducement and at full application must be ninety (90) days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting. For Applications submitted for waiting list and carryforward all information must be correct at the time of the Application submission date, listed on the Department's website in order to receive points (5 points).

–(9) Development Support/Opposition. Maximum net points of +24 to -24. Each letter will receive a maximum of +3 to -3. All letters received by 5:00 PM, seven (7) business days prior to the date of the Board meeting at which the Application will be considered for Applications submitted for waiting list and carryforward will be used in scoring. The letter must specifically indicate support or opposition otherwise the letter will be considered neutral.

(A) Texas State Senator and Texas State Representative (maximum +3 to -3 points per official);

(B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +3 to -3 points per official);

(C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +3 to -3 points per official);

(D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +3 to -3 points per official).

(10) Proximity to Community Services/Amenities Community services/amenities within three (3) miles of the site. A map must be included with the Application showing a three (3) mile radius notating where the services/amenities are located. (Acquisition/Rehab developments will receive 1.5 points for each item in subparagraphs (A) - (O) of this paragraph).

(A) Full service grocery store or supermarket (1 point);

(B) Pharmacy (1 point);

(C) Convenience store/mini-market (1 point);

(D) Retail Facilities (Target, Wal-Mart, Home Depot, Bookstores, etc.) (1 point);

(E) Bank/Financial Institution (1 point);

(F) Restaurant (1 point);

(G) Indoor public recreation facilities (community center, civic center, YMCA, museum) (1 point);

(H) Outdoor public recreation facilities (park, golf course, public swimming pool) (1 point);

(I) Fire/Police Station (1 point);

(J) Medical Facilities (hospitals, minor emergency, medical offices) (1 point);

(K) Public Library (1 point);

(L) Public Transportation (1/2 mile from site) (1 point);

(M) Public School (only one school required for point and only eligible with general population developments) (1 point);

(N) Dry Cleaners;

(O) Family Video Rental (i.e. Blockbuster, Hollywood Video, Movie Gallery) (1 point).

(11) Proximity to Negative Features adjacent to or within 300 feet of any part of the Development site boundaries. A map must be included with the application showing where the feature is located. Developer must provide a letter stating there are none of the negative features listed in subparagraphs (A) - (F) of this paragraph within the stated area if that is correct. (maximum -6 points)

(A) Junkyards (1 point deducted);

(B) Active Railways (excluding light rail) (1 point deducted);

(C) Heavy industrial/manufacturing plants (1 point deducted);

(D) Solid Waste/Sanitary Landfills (1 point deducted);

(E) Within the "fall line" of High Voltage Transmission Power Lines (1 point deducted); and/or

(F) Accident zones or clear zones~~flight paths~~ for commercial or military airports (1 point deducted).

(12) Acquisition/Rehabilitation Developments will receive 30 points. This will include the demolition of old buildings and new construction of the same number of units if allowed by local codes or less units to comply with local codes (not to exceed 252 total units).

(13) Preservation Developments will receive 10 points. This includes rehabilitation proposals on properties which are nearing expiration of an existing affordability requirement within the next two years or for which there has been a rent restriction requirement in the past ten years. Evidence must be provided.

(14) Declared Disaster Areas. Applications will receive 7 points, if at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in an area declared to be a disaster under §418.014 of the Texas Government Code. This includes federal, state and Governor declared disaster areas.

(15) Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits. Applications will receive 6 points if the proposed Development is located in a census tract in which there are no other existing developments that were awarded housing tax credits in the last five (5) years and 3 points if there are no other existing developments that were awarded housing tax credits in the last three (3) years. The applicant must provide evidence of the census tract in which the Development is located. These census tracts are outlined in the ~~2008~~ 2010 Housing Tax Credit Site Demographic Characteristics Report.

–(16) Notary Public Services for Tenants. Applications will receive 1 point for this item (§2306.6710(b)(3)). To receive this point, the Applicant must submit a certification that the Development will provide notary public services to the tenants at no cost to the tenant. This provision will be included in the Land Use Restriction Agreement and Regulatory Agreement.

___(f) Multiple Site Applications. For the purposes of scoring, applicants must submit the required information as outlined in the Pre-Application Submission Manual. Each individual property will be scored on its own merits and the final score will be determined based on an average of all of the individual scores.

___(g) Financing Commitments. After approval by the Board of the inducement resolution, and as part of the submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

___(h) Final Application. An Applicant who elects to proceed with submitting a final Application to the Department must submit the Volumes I and II of the Application, for Priority 1 and 2, prior to receipt of a reservation of allocation from the Texas Bond Review Board. For Priority 3 Applications the Volumes I and II must be submitted within fourteen (14) days of the reservation date from the Texas Bond Review Board. The Volume III of the Application and such supporting material as is required by the Department must be submitted at least sixty (60) days prior to the scheduled meeting of the Board at which the Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. If the Applicant is applying for other Department funding then refer to the Rules for that program for Application submission requirements. The final application must adhere to the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in the full application shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board.

–(1) A Public Notification Sign shall be installed on the proposed Development site, regardless of Priority, within thirty (30) days of the Department's receipt of Volumes I and II. The applicant must certify to the fact that the sign was installed within thirty (30) days of Volume I and II submission and the date, time and location of the bond Tax Excempt Fiscal Responsibility Act (TEFRA) Public Hearing must be included on the sign no later than ~~at least~~ thirty (30) days prior to the scheduled public hearing date. The sign must be at least 4 feet by 8 feet in size and be located within 20 feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the ~~d~~Development. The information and lettering on the sign must meet the minimum requirements identified in the Application~~ApplicationDevelopment~~. In areas where the Public Notification Sign is prohibited by local ordinance or code or restrictive covenant, an alternative to installing a Public Notification Sign and at the same required time, the Applicant shall, mail written notification to those addresses described in either clause (i) or (ii) of this subparagraph. This written notification must include the information otherwise required for the sign as provided in the Application. The final Application must include a map of the proposed Development Site and mark the distance required by clause (i) or (ii) of this subparagraph, up to 1,000 feet, showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. If Public Notification Sign is prohibited by local ordinance or code or restrictive covenant, evidence of the applicable ordinance or code or restrictive covenant must be submitted in the Application.

~~In areas where the Public Notification Sign is prohibited by local ordinance or code, an alternative to installing a Public Notification Sign and at the same required time, the Applicant shall mail written notification to all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development site. This written notification must include the information otherwise required for the sign. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the 1,000 foot or local ordinance area showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing.~~ The Applicant must mail notice to any public official that changed from the submission of the pre-application to the submission of the final application and any neighborhood organization that is known and was not notified at the time of the pre-application submission. No additional notification is required unless the Applicant submitted a change in the Application that reflects a total Unit increase greater than 10%, an increase greater than 10% for any given AMFI, a decrease in the number of market rate units, or a change in the population being served (elderly, general population or transitional);

–(2) Completed Uniform Application and Multifamily Rental Worksheets in the format required by the Department as posted to the Department's website;

(i) 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. The Administrative Deficiency process may not be used by an Applicant or the Department to change the initial application proposal. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made during any of these reviews~~several times~~. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call (only if there has not been confirmation of the receipt of the email within twenty-four (24) hours) to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five (5) business days. Failure to resolve all outstanding deficiencies within five business days will result in a penalty fee of $500 for each day the deficiency remains unresolved. Any Application with unresolved deficiencies after the 10th day from the issuance of the deficiency notice will be terminated. The Applicant will be responsible for the payment of any fees accrued pursuant to this section regardless of any termination pursuant to this section. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. The Application will not be presented to the Board for consideration until all outstanding fees have been paid.

(j) Eligibility Criteria. The Department will evaluate the Development for eligibility at the time of pre-application, and at the time of final Application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the conditions set out in paragraphs (1) - (6) of this subsection in order for a Development to be considered eligible:

–(1) The proposed Development must further meet the public purposes of the Department as identified in the Code.

–(2) The proposed Development and the Applicant and its principals must satisfy the Department's Underwriting Rules and Guidelines (§1.32 of this title). The pre-application must include sufficient information for the Department to establish that the Underwriting Guidelines can be satisfied. The final Application will be thoroughly underwritten according to the Underwriting Rules and Guidelines (§1.32 of this title).

–(3) The Development must not be located on a site determined to be unacceptable for the intended use by the Department.

–(4) Any Development in which the Applicant or principals of the Applicant have an ownership interest must be found not to be in Material Non-Compliance under the compliance Rules in effect at the time of pre-application submission. Any corrective action documentation affecting the Material Non-compliance status score must be submitted to the Department no later than thirty (30) days prior to final application submission.

–(5) Neither the Applicant nor any principals of the Applicant is, at the time of Application:

––(A) barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or

––(B) has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation, misappropriation of funds, or other similar criminal offenses within fifteen (15) years; or

––(C) is subject to enforcement action under state or federal securities law, action by the NASD, subject to a federal tax lien, or the subject of an enforcement proceeding with any governmental entity; or

––(D) neither applicant nor any principals of the applicant have a development under their ownership or control with a Material Non-compliance score as set out in the Department's Compliance Monitoring Policies and Procedures (Chapter 60 of this title); or

––(E) otherwise disqualified or debarred from participation in any of the Department's programs.

–(6) Neither the Applicant nor any of its principals may have provided any fraudulent information, knowingly false documentation or other intentional or negligent misrepresentation in the Application or other information submitted to the Department.

–(7) An application may include either the rehabilitation or new construction, or both the rehabilitation and new construction, of qualified residential rental facilities located at multiple sites and with respect to which 51% or more of the residential units are located:

––(A) in a county with a population of less than 75,000; or

––(B) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan statistical area containing one or more projects that are proposed to be financed, in whole or in part, by an issuance of bonds. The number of sites may be reduced as needed without affecting their status as a project for purposes of the application, provided that the final application for a reservation contains at least two sites (§1372.002).

(k) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction.

(l) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §2306.0661, Texas Government Code and §147(f) of the Code, in order to receive comments from the public pertaining to the Development and the issuance of the Bonds. The Applicant or member of the Development team must be present and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should contain at a minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is an acquisition/rehabilitation then the presentation should include the scope of work that will be done to the property. All handouts must be submitted to the Department for review at least two (2) days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant. The Board's decisions on approvals of proposed Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed Development:

–(1) The developer market study;

–(2) The location;

–(3) The compliance history of the developer;

–(4) The financial feasibility;

–(5) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

–(6) The Development's proximity to other low income Developments;

–(7) The availability of adequate public facilities and services;

–(8) The anticipated impact on local school districts;

–(9) Zoning and other land use considerations;

–(10) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

–(11) Other good cause as determined by the Board.

(m) Approval of the Bonds.

–(1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §1.7 and §1.8 of this title. The Department's conduit housing transactions will be processed in accordance with 34 TAC, Part 9, Chapter 181, Subchapter A (the Texas Bond Review Board rules) and Chapter 1372, Texas Government Code. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.

–(2) Alternative Dispute Resolution Policy. The Department encourages use of Alternative Dispute Resolution methods as outlined in §1.17 of this title.

(n) Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

(o) Closing. If there are changes to the Application prior to closing that have an adverse effect on the score and ranking order that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Once all approvals have been obtained and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Any outstanding Housing Trust Fund Pre-Development loans for the proposed Development site must be paid in full at the time the bond transaction is closed. All Applicants are subject to §1.20(g) of this title. Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment thereof. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§~~35~~33.7. Regulatory and Land Use Restrictions.

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department. For Developments involving new construction, the term of the LURA will be the longer of thirty (30) years, the period of guaranteed affordability or the period for which Bonds are outstanding. For the financing of an existing Development, the term of the LURA will be the longer of the longest period which is economically feasible in accordance with the Act, or the period for which Bonds are outstanding.

(b) Development Occupancy. The LURA will specify occupancy restrictions for each Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who satisfy the specified income requirements. Pursuant to §2306.269, Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner of the Development. Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude Units for managers and maintenance personnel that are reasonably required by the Development.

(c) Set Asides.

(1) Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds must be restricted under one of the following two minimum set-asides:

(A) at least 20% of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 50% of the area median income; or

(B) at least 40% of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 60% of the area median income.

(2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with §1372.0321, Texas Government Code. Units intended to satisfy set-aside requirements must be distributed evenly throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable

or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant (Required federal set-aside requirements).

(d) Global Income Requirement. All of the Units that are available for occupancy in Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds shall be occupied or held vacant (in the case of new construction) and available for occupancy at all times by persons or families whose income does not exceed 140% of the area median income for a four-person household.

(e) Qualified 501(c)(3) Bonds. Developments which are financed from the proceeds of Qualified 501(c)(3) Bonds are further subject to the restriction that at least 75% of the Units within the Development that are available for occupancy shall be occupied (or, in the case of new construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMFI).

(f) Taxable Bonds. The occupancy requirements for Developments financed from the issuance of taxable Bonds will be negotiated, considered and approved by the Department on a case by case basis.

(g) Fair Housing. All Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

(h) Tenant Services. The LURA will require that the Development Owner offer a variety of services for residents of the Development through a Tenant Services Program Plan which is subject to annual approval by the Department.

(i) Land Use Restriction Agreement. Requirements as defined in Chapter 60, Subchapter A of this title.

§~~35~~33.8. ~~-~~Fees.

(a) Pre-Application Fees. The Applicant is required to submit, at the time of pre-application, the following fees: $1,000 (payable to TDHCA), $2,000 (payable to Vinson & Elkins, the Department's Bond Counsel) and $5,000 (payable to the Texas Bond Review Board (BRB)). These fees cover the costs of pre-application review and filing fees to the BRB. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the Department's expenses in connection with providing financing for a Development, and as required by law. (§1372.006(a), Texas Government Code).

(b) Application and Issuance Fees. At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee (for multiple site Applications $10,000 or $30/unit, whichever is greater, for the bond application fee.) At the closing of the bonds the following fees are required: an issuance fee equal to 50 basis points (0.005) of the issued bond amount, administration fee equal to 20 basis points (0.002) and a Private Activity Bond compliance fee equal to $25/unit and a tax credit compliance fee equal to $40/unit. For refunding Applications the Application fee will be $10,000 unless the refunding is not required to have a TEFRA public hearing, in which case the fee will be $5,000.

(c) Annual Administration, Portfolio Management and Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, portfolio management and compliance with the program requirements applicable to each Development and asset management applicable requirements.

Compliance. The annual tax credit compliance fee is paid in advance (for the duration of the compliance or affordability period) and is equal to $40/unit beginning two years from the closing date on the bonds. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the month the first building is placed in service. The Private Activity Bond compliance fee is paid in advance at closing (for as long as the bonds are outstanding) and is equal to $25/unit beginning two years from the closing date on the bonds for payment to be applied to the third year following closing. ~~;~~ Compliance fees may be adjusted from time to time by the Department.

Asset Management. ~~t~~The asset management fee is ~~, if applicable, is~~ paid in advance and is equal to $25/unit beginning two years from the closing date on the bonds. This fee is based on voluntary participation in the asset management program. Those who elect to participate are encouraged to contact the Texas State Affordable Housing Corporation (TSAHC) for information on billing and services offered. ~~Compliance fees may be adjusted from time to time by the Department.~~

Administration. The annual administration fee is paid in arrears and is equal to 10 basis points (0.001) of the outstanding bond amount beginning three years from the closing date. These fees are paid ~~for a minimum of thirty (30) years or~~ as long as the bonds are outstanding.

§~~35~~33.9. Waiver of Rules.

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the Rules set forth in §§~~35~~33.3 - ~~35~~33.8 of this title relating to the Multifamily Housing Revenue Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; to encourage the acquisition, construction, reconstruction, or rehabilitation of a Development that would provide decent, safe, and sanitary housing, including, but not limited to, providing such housing in economically depressed or blighted areas, or providing housing designed and equipped for Persons with Special Needs; or for other good cause, as determined by the Board.

§~~35~~33.10. No Discrimination.

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing herein shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this chapter.

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of the repeal of 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines and to publish a draft of proposed new 10 TAC Chapter 1, subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for comment in the *Texas Register*.

Required Action

Approve, reject or approve with modification the action required to repeal 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines and to publish a draft of proposed new 10 TAC Chapter 1, subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for comment in the *Texas Register*.

Background

The Real Estate Analysis Rules and Guidelines remain separate from the QAP to facilitate the application of these rules with all of the Department's multifamily programs. The draft rules being presented today include changes resulting from two main sources of input: public input at roundtable meetings and staff input. Significant changes are summarized below. Other changes that are minor or clarifying in nature are not discussed here but are included in the rule.

§1.31(b) Definitions

Definitions have been added primarily relating to changes in the Market Study Rules relating to a Gross Capture Rate calculation including: Gross Capture Rate, Gross Demand, Potential Demand, and Relevant Supply. A Sub-market definition is proposed relating to a market area that is larger than a Primary Market Area for evaluating feasibility. The Gross Capture Rate calculation is discussed in the discussion on the Market Analysis Rules and Guidelines below.

Other definitions were modified or added for clarification elsewhere in the Rules.

§1.32 Underwriting

§1.32(d)(1)(A)(iii) Gross Program Rents

Language added to allow the Underwriter to adjust the Applicant's Gross Program Rents should new rents be published after the close of the Application Acceptance Period but prior to publication of the underwriting report. This will eliminate variances between the Underwriter's proforma and the Applicant's proforma in cases where the Applicant did not have the new rents prior to application submission.

§1.32(d)(1)(B) Miscellaneous Income

Upper end of the miscellaneous income increased from $15 per unit to $20 per unit which is more reflective of actual other income reported in the Department's database.

§1.32(d)(4)(A) Interest Rate

Delete the provision requiring the publication of a maximum interest rate to be used for underwriting purposes. This change is prudent given the highly variable nature of the finance market and allows the underwriter to use current interest rate information.

§1.32(e) Development Costs

Added clarification language regarding the underwriter's reliance on the PCA for purposes of calculating total development costs.

§1.32(e)(1)(A) Excess Land Acquisition

Added clarification language regarding the cost allocation on sub-divided land acquisition and added language that allows the underwriter to consider relative values as reported in the Appraisal.

§1.32(e)(1)(B)(ii)(b)(1) Identity of Interest Acquisitions

Fixed return on equity at 10% as part of acquisition costs on identity of interest acquisitions in lieu of a return "consistent with historical returns of similar risks" due to inability to determine consistent historical returns on land transactions.

§1.32(e)(2) Off-Site Costs

Added language regarding the inclusion of certain off-site costs to eligible basis based on a recently issued Private Letter Ruling and the required documentation required for such inclusion.

§1.32(e)(6) Contractor Fee

Added language that provides for increased contractor fee allowable on smaller transactions based on tiered hard costs.

§1.32(f) Developer Capacity

Removed requirement for submission and review of financial statements to determine financial capacity. The Department will continue to review credit reports to determine relevant credit risks.

§1.32(h)(1) Capture Rate

Eliminates the concept of inclusive capture rate and replaces it with a Gross Capture rate calculation as modified in §1.33(d)(10)(F) of this subchapter. Added language that allows the Underwriter to consider a Gross Capture Rate on an expanded market area that is outside a particular development's primary market area.

§1.32(h)(1)(A) & (B) Capture Rate

Specifies the Gross Capture Rate thresholds for rural family and Special Needs developments at 30%, and for senior and urban family developments at 10%. These rates are consistent with thresholds under an Inclusive Capture Rate analysis at 75% and 25%, respectively.

§1.32(h)(1)(C)(ii) Infeasibility Exception for Existing Housing

Changes the occupancy threshold on the rehabilitation of existing affordable housing from 80% to 50% allowing for more rehabilitation on existing developments.

§1.33 Market Analysis Rules and Guidelines

Changes are proposed to the Market Study rules for 2010 in collaboration with Market Analysts who attended the August 18th Market Study Roundtable. A majority of the changes relate to the definition and calculation of a gross capture rate and gross capture rate limits on developments and modifying the demand calculations thereof. These changes are proposed to eliminate certain data used in the current methodology that relies on often inconsistent and conflicting data.

The current rules allow the Market Analyst to determine demand based on a turnover rate specific to each Primary Market Area. The rules specify that the turnover rate used by the Market Analyst be obtained from U.S. Census data or data promulgated by TDHCA. In practice, these sources of turnover data generally provide widely varying turnover rates making the inclusive capture rate analysis difficult to confirm and reconcile by the Underwriter.

The proposed changes to the rules attempt to simply and remove this variable from the capture rate calculation by replacing the use of the Inclusive Capture Rate concept with a Gross Capture Rate concept. By removal of turnover assumptions from the calculation, adjustments have been made to the thresholds for the feasibility determination based on capture rate. Based on analysis of the 2009 LIHTC applications, a shift to a Gross Capture Rate methodology produces essentially the same feasibility results as with the inclusive capture rate methodology but with much less subjectivity on the turnover assumption used.

Significant changes are summarized below. Other changes that are minor or clarifying in nature are not discussed here but are included in the rule.

§1.33(d)(7) Secondary Market Area

Changes to the definition include the use of U.S. Census tracts and requires the market analyst to provide additional details about the secondary market area. Additionally, the changes clarify that the population limitation for the secondary market area includes the population residing in the Primary Market Area.

§1.33(d)(8) Primary Market Area

Changes to the definition include the use of U.S. Census tracts and requires the market analyst to provide additional details about the secondary market area. Additionally, the changes require the market analyst to provide additional information on comparable units within the Primary Market Area.

§1.33(d)(9)(D) Demographic Reports

Removes the requirement to provide turnover information due to the replacement of the Inclusive Capture Rate with the Gross Capture Rate. This section defines the demographic information to be provided by the Market Analyst.

§1.33(d)(9)(E)(ii) & (iii) Gross Demand & Potential Demand

Eliminates concept of demand from turnover with the definition of Gross Demand and Potential Demand. Also eliminates the calculation of demand from population growth as a separate category.

§1.33(d)(9)(E)(iv) Demand from Secondary Market Area

Clarifies that the secondary market area demand calculation should be consistent with Potential Demand from the Primary Market Area calculation. A change is also made to insure that the supply of unstabilized units in the secondary market area is considered consistent with the demand considered from the secondary market area.

§1.33(d)(9)(E)(v) Demand from Other Sources

Clarifies the use and documentation of demand from other sources.

§1.33(d)(10)(D)(i) & (ii) Demand

Clarifies the requirement that the Market Analyst state the Gross Demand for each Unit type as well as the Development as a whole.

§1.33(d)(10)(E) Relevant Supply

Defines the supply of proposed and Unstabilized Units that must be included in the calculation of a Gross Capture Rate.

§1.33(d)(10)(F) Gross Capture Rate

States the definition of Gross Capture Rate, and the requirement that the Market Analyst state the Gross Capture Rate for each Unit type as well as the Development as a whole

§1.33(f) Sub-Market Analysis

Allows the Underwriter to base a feasibility conclusion on a review of a broader market area in instances where multiple proposed or Unstabilized Developments have overlapping Primary Market Areas.

§1.36 Property Condition Assessment Guidelines

General revisions to clarify components to be provided in the Property Condition Assessment reports.

Recommendation

Approve the publication of the Draft 2010 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines (REA Rules) and authorize the distribution and public hearing on the draft rules concurrent with the Department's uniform hearing schedule.

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Real Estate Analysis Division
2010 DRAFT Real Estate Analysis Rules

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 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) **Definitions.**

Terms used in this subchapter that are also defined in Chapter 50 of this title (the Department's Housing Tax Credit Program Qualified Allocation Plan and Rules, known as the "QAP") have the same meaning as in the QAP. Those terms that are not defined in the QAP or which may have another meaning when used in this subchapter, shall have the meanings set forth in §1.32(b) of this subchapter.

(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.
(5) **Comparable Unit:** A Unit, when compared to the subject Unit, similar in overall condition, location, 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 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) Eligible Hard Costs: Hard Costs includable in Eligible Basis for the purposes of determining a Housing Tax Credit Allocation.

(~~10~~11) **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~~12) **First Lien Lender:** A lender whose lien has first priority.

(13) Gross Capture Rate: The Gross Capture Rate is defined as the Relevant Supply divided by the Gross Demand.

(14) Gross Demand: The sum of Potential Demand from the Primary Market (PMA), ~~D~~demand from ~~O~~other ~~S~~sources, and Potential Demand from a Secondary Market Area (SMA) to the extent that SMA demand does not exceed 25% of Gross Demand.

(~~12~~15) **Gross Program Rent:** Sometimes called the "Program Rents." Maximum rent limits based upon the tables promulgated by the Department's division responsible for compliance which are developed by program and by county or Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA") or national non-metro area.

(~~14~~16) Hard Costs: The sum total of direct construction costs, site work costs, off-site costs and contingency.

(~~13~~17) **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~~18) **Market Analyst:** Any person who prepares a market study.

(~~175~~19) **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 on properties without rent and income restrictions.

(~~16~~20) **NOI:** Net Operating Income. The income remaining after all operating expenses, including replacement reserves and taxes have been paid.

(21) Potential Demand: The number of income-eligible, age-, size-, and tenure-appropriate target households in the designated market area at the proposed placemen~~t~~d in service date.

(~~17~~22) **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) of this subchapter from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

(~~18~~23) ~~PCA:~~ **Property Condition Assessment:**~~,~~ Sometimes referred to as "PCA", "Physical Needs Assessment~~,~~", "Project Capital Needs Assessment~~s,~~" or "Property Condition Report~~,~~". ~~or "Property Work Write-Up."~~ The PCA provides a~~A~~n evaluation of the physical condition of ~~the~~ an existing property to~~and~~ evaluate~~ion of~~ the immediate cost to rehabilitate ~~of~~ and to determine costs of future capital improvements to maintain the ~~rehabilitation~~property. The PCA must be prepared ~~conducted~~ in accordance with the Department's Property Condition Assessment Rules and Guidelines in §1.36 of this subchapter as it relates to a specific Development.

(~~19~~24) **Qualified Market Analyst:** A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(25) **Relevant Supply:** The relevant supply of proposed and unstabilized ~~c~~Comparable ~~u~~Units includes:
   (A) the proposed subject Units;
   (B) Comparable Units with priority~~, as defined in §50.9(d)(2) of this title,~~ over the subject, based on the Department's evaluation process described in §50.9(d)(5) of this title, that have made application to TDHCA and have not been presented to the TDHCA Board for decision; and
   (C) Comparable Units in previously approved but Unstabilized Developments in the Primary Market (PMA); and
   (D) Comparable Units in previously approved but Unstabilized Developments in the Secondary Market (SMA), in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand;

(~~20~~26) **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 50% of gross income towards total housing expenses.

(~~21~~27) **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.

(~~22~~28) **Restricted Market Rent:** The restricted rent concluded by the Qualified Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units on properties with the same rent and income restrictions.

(~~23~~29) **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 subchapter.

(~~26~~30) **Sub-~~m~~Market:** An area defined by the Underwriter based on general overall market segmentation promulgated by market data tracking and reporting services from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

(~~24~~31) **Supportive Housing:** Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services.

(~~25~~32) **Sustaining Occupancy**: Sometimes referred to as "Breakeven Occupancy". The occupancy level at which rental income plus secondary income is equal to all operating expenses, including replacement reserves and taxes, and mandatory debt service requirements for a Development.

(~~26~~33) **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, as required and described in Subchapter A of Chapter 60 of this title, and published on the Department's web site.

(~~27~~34) **Underwriter**: The author(s)~~, as evidenced by signature,~~ of the Credit Underwriting Analysis Report.

(~~28~~35) **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.

(~~29~~36) **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, a documented estimate from the utility provider proposed in the Application, or for an existing development an allowance calculated by the Department pursuant to §60.109 of this title. 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.

(~~30~~37) **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, §1.7 and §1.8 of this chapter include general appeal procedures. In addition, the Department encourages the use of Alternative Dispute Resolution methods as outlined in §1.17 of this chapter.

§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 a~~n~~ Credit Underwriting Analysis 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. The Report should consider all information timely provided by the Applicant. 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. The Report ~~should~~ will be based solely upon ~~consider only~~ information that is provided in accordance with the time frames provided in the current QAP, Program Rules or Notice of Funds Availability as appropriate. The Report should also identify the number of revisions and date of most current revision to any information deemed to be relevant by the Underwriter.

(c) Recommendations in the Report.

The conclusion of the Report includes a recommended award of funds or allocation of Housing 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, including replacement reserves and taxes, from EGI 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~~fee, which 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 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 Underwriter will update the utility allowance and calculate the appropriate rent on a conservative or Contract Rent basis for comparison to the Applicant's estimate in the Application. The conservative basis for a restricted unit is the lesser of the Gross Program Rent less Utility Allowances ("Net Program Rent") or Restricted Market Rent. The conservative basis for an unrestricted unit is the lesser of the Market Rent or Applicant's projected rent where the Applicant's projected rent is reasonable to the Underwriter as supported by documentation of Comparable Units and as independently verified by the Underwriter. ~~.~~ Where Contract Rents are included, they will be used regardless of the conservative basis derived rent.

(i) **Market Rents:** The Underwriter reviews the 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 subchapter.

(ii) **Restricted Market Rent:** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size and income and rent restrictions provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst's conclusion of adjusted Restricted Market Rent by unit, as long as the proposed Restricted Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable restricted rent. Random checks of the validity of the Restricted Market Rents may include direct contact with the comparable properties. The Market Analyst's attribute adjustment matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this subchapter.

(iii) **Gross Program Rents less Utility Allowance or Net Program Rents:** 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 Gross 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. Gross Program Rents are reduced by the Utility Allowance. If Program Rents are adjusted by the Department after the close of the Application Acceptance Period but prior to publication of the Report, the Underwriter will adjust the Applicant's EGI to account for any increase or decrease in Program Rents for the purposes of determining the reasonableness of the Applicant's EGI.

(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) **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's 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~~ 5 to $~~15~~ 20 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 within the PMA or SMA.

(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 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 properties in the same location or region as the proposed Development also provides heavily relied upon data points; the Department's database summary is available on the TDHCA website. 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. Estimates of utility savings from green building components, including on-site renewable energy, must be documented by experience of third parties not related to the contractor or component vendor. 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 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 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. The Applicant's expense for reserves may be adjusted by the Underwriter if the amount provided by the Applicant is insufficient to fund future capital needs as documented by 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 a rationale acceptable to the Underwriter 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. The Underwriter may challenge the interest rate based on data collected on similarly structured transactions.

~~(ii) The maximum rate allowed for a competitive application cycle is determined by the Director of the Department's division responsible for Credit Underwriting Analysis Reports based upon current market conditions and posted to the Department's web site prior to the close of the Application Acceptance Period.~~

(B) **Amortization Period:** The Department requires an amortization of not less than thirty (30) years and not more than forty (40) years [~~(~~fifty (50) years for federally sourced loans]~~)~~, 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 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 to a maximum of 1.35. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.15 or greater than 1.35 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 minimum, the recommendations of the Report may be conditioned upon an increase in the debt service and the Underwriter may make adjustments to the requested financing structure in the order presented in subclauses (I) and (II) of this clause. 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**: The Underwriter will create a 30-year operating proforma.

(A) 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) A 2% annual growth factor is utilized for income and a 3% 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) ~~d~~Documentation with terms for project-based rental assistance or operating subsidy;

(ii) ~~a~~A fully executed management contract with clear terms;

(iii) ~~d~~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) ~~r~~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 subchapter.

(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. The Department's estimate of the total development cost for acquisition/rehabilitation will be based in accordance with the PCA's estimated cost for the scope of work as defined by the Applicant and §1.36(4) of this subchapter. 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 remaindering acreage is not being utilized as permanent green space, the value ascribed to the proposed Development will be prorated based on acreage from the total cost reflected in the site control document(s). An appraisal containing segregated values for the total acreage, the acreage for the subject site and the remainder acreage, or tax assessment value may be tools that are used by the Underwriter in making a prorationthis determination based on relative value; 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 or permanent lender:

(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 subclauses (I) and (II) of this clause:

(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, and

(II) if the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the application,

(-a-) an appraisal that meets the requirements of §1.34 of this subchapter, and

(-b-) any other verifiable costs of owning, holding, or improving the Property, excluding seller financing, that when added to the value from subclause (I) of this clause justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include Property taxes, interest expense, a calculated return on equity at 10%~~a rate consistent with the historical returns of similar risks~~, the cost of any physical improvements made to the Property, the cost of rezoning, replatting or developing the Property, or any costs to provide or improve access to the Property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the Property, a calculated return on equity at a rate of 10%,~~consistent with the historical returns of similar risks,~~ and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the Property and avoid foreclosure.

(iii) in no instance will the acquisition cost utilized by the Underwriter exceed the lesser of the original acquisition cost evidenced by clause (ii)(I) of this subparagraph plus costs identified in clause (ii)(II)(-b-) of this subparagraph, or the "as-is" value conclusion evidenced by clause (ii)(II)(-a-) of this subparagraph.

(C) **Acquisition of Buildings for Tax Credit Properties:** In order to make a determination of the appropriate building acquisition value, the Applicant will provide and the Underwriter will utilize an appraisal that meets the Department's Appraisal Rules and Guidelines as described in §1.34 of this subchapter. The Underwriter will prorate the actual sales price or identity of interest adjusted sales price based upon a calculated "as-is" improvement value over the total "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. In the case where the land value indicated by either the appraisal or tax assessment is greater than the prorata land value attributed to the sales price as described above, the greater of the land value in the appraisal or tax assessment is deducted from the sales price to determine the acquisition basis.

(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. If off-site costs are included in eligible basis based on PLR 200916007, an opinion from a CPA must also be provided which describes the facts relevant to the development and affirmatively certifies that the fact pattern of the development matches the fact pattern in PLR 200916007. A certification from a Third Party engineer must also be provided that describes the circumstances of the necessity of the off-site improvement, including the relevant requirements of the local jurisdiction with authority over building codes.

(3) **Site Work Costs:** Project site work costs exceeding $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(h)(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 or equivalent other comparable published third-party cost estimating data source 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 or equivalent other comparable published third-party data source, 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 or specifications not included in the Average Quality standard, the Department will take into account these 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, or~~.~~

(III) other Developments by the same Applicant that are similar in design to the subject Development.

(B) **Rehabilitation including Reconstruction 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 and/or the Applicant's scope of work, the Underwriter may request a supplement executed by the PCA provider reconciling 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) **Contingency:** All contingencies identified in the Applicant's project cost schedule including any soft cost contingency will be added to Contingency with the total limited to the guidelines detailed in this paragraph. Contingency is limited to a maximum of ~~5%~~7% of direct construction costs plus site work for new construction Developments and 10% of direct construction costs plus site work for rehabilitation Developments. For Housing 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:** Contractor fees are limited to~~at~~ a total of 14% on Developments with Hard Costs of $3 million or greater, the lessor of $420,000 or 16% on Developments with Hard Costs less than $3 million and greater than $2 million, and the lessor of $320,000 or 18% on Developments with Hard Costs at $2 million or less. ~~The percentage is applied to the sum of the direct construction costs plus site work costs.~~ For tax credit Developments, the percentages are applied to the sum of the ~~eligible~~

~~direct construction costs plus eligible site work costs~~ Eligible Hard Costs in calculating the eligible contractor fees. 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. Additional fees for ineligible costs will be limited to the same percentage of ineligible construction costs but will be ineligible for tax credit basis purposes.

(7) **Developer Fee:** Developer fee claimed must be multiplied by the appropriate ~~adjusted by the same~~ applicable percentage depending whether it is attributable to acquisition or rehabilitation basis, ~~from which it is calculated and~~ consistent with §50.9(d)(6) of this title. Additional fees for ineligible costs will be limited to the same percentage of ineligible development costs (15% for developments with 50 or more units, or 20% for developments with 49 or fewer units) but will be ineligible for tax credit basis purposes. All fees to related parties to the owner or developer for work determined by the Underwriter to be typically completed by the developer will be considered part of the Developer fee claimed.

(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.

(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) 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 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 paragraph (8) of this subsection, 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 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 and reserve for replacements plus debt service. Alternatively, the Underwriter may consider a greater amount proposed by the conventional lender or syndicator if the detail for such greater amount is well documented in the conventional lender or syndicator commitment letter.

(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 development sponsors, developer fee recipients and ~~for~~ those individuals anticipated to guarantee the completion of the Development. The underwriter will evaluate the credit report and identify any bankruptcy, state or federal tax liens or other relevant credit risks for compliance with eligibility and debarment requirements in the QAP and statute.

~~(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~~f) 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) 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) **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 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, or costs of other appropriate design styles 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~~g) 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~~h) 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) - (~~5~~4) of this subsection applies unless paragraph (6)(B) of this subsection also applies.

(1) **~~Inclusive~~ Gross Capture Rate:** The method for determining the ~~inclusive~~ Gross ~~capture~~ Capture ~~rate~~ Rate for a Development is defined in §1.33(d)(10)(~~E~~F) of this subchapter. The Underwriter will independently verify all components and conclusions of the ~~inclusive~~ Gross ~~c~~Capture ~~r~~Rate and may at their discretion use independently acquired demographic data to calculate demand and may make a determination of the effective Gross Capture Rate based upon an analysis of the Sub-market. The Development:

(A) is characterized as ~~Rural, Elderly or Special Needs~~a Qualified Elderly Development (including the Elderly section of an Intergenerational Development) and the ~~inclusive~~ Gross ~~c~~Capture ~~r~~Rate ~~is above~~exceeds ~~75~~10% for the total proposed units; or

(B) is ~~not characterized as Rural, Elderly or Special Needs~~in an Urban Area and targets the general population, and the ~~inclusive~~ Gross ~~c~~Capture ~~r~~Rate ~~is above~~exceeds ~~25~~10% for the total proposed units~~.~~

(C) is in a Rural Area and targets the general population, and the Gross Capture Rate exceeds 30%; or

(D) targets Persons with Special Needs and the Gross Capture rate exceeds 30%.

(~~C~~E) Developments meeting the requirements of subparagraph (A), (B), (C), or (~~B~~D) of this paragraph may avoid being characterized as infeasible if clause (i) or (ii) of this subparagraph 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 subchapter 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~~50% occupied and gives displaced existing tenants a leasing preference as stated in the submitted relocation plan.

(2) **Deferred Developer Fee:** Developments 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 fifteen (15) years of the long term proforma as described in subsection (d)(5) of this section.

(3) **Restricted Market Rent:** The Restricted Market Rent for units with rents restricted at 60% of AMGI is less than both the Net Program Rent and Market Rent for units with rents restricted at or below 50% of AMGI unless the Applicant accepts the Underwriting recommendation that all restricted units have rents and incomes restricted at or below the 50% of AMGI level.

(~~3~~4) **Initial Feasibility:** The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(5) **Long Term Feasibility:** Any year in the first fifteen (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) **Exceptions:** The infeasibility conclusions may be excepted where either of the following apply.
- (A) The requirements in this subsection may be waived by the Executive Director of the Department on appeal if documentation is submitted by the Applicant to support unique circumstances that would provide mitigation.
- (B) Developments meeting the requirements of one or more of paragraphs (3) - (5) of this subsection will be re-characterized as feasible if one or more of clauses (i) - (vi) of this subparagraph apply.
  - (i) The Development will receive Project-based Section 8 Rental Assistance for at least 50% of the units and a firm commitment with terms including contract rent and number of units is submitted at application.
  - (ii) The Development will receive rental assistance for at least 50% of the units in association with USDA-RD-RHS financing.
  - (iii) The Development will be characterized as public housing as defined by HUD for at least 50% of the units.
  - (iv) The Development will be characterized as Supportive Housing for at least 50% of the units and evidence of adequate financial support for the long term viability of the Development is provided.
  - (v) The Development has other long term project based restrictions on rents for at least 50% of the units that allow rents to increase based upon expenses and ~~those~~ the Applicant's proposed rents are ~~currently more than~~at least 10% lower than both the Net Program Rent and Restricted Market Rent.
  - (vi) 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. The Market Analysis must include a statement that the report preparer has read and understood the requirements of this section.

(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~~from the Texas Comptroller of Public Accounts.
(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) **Assumptions and Limiting Conditions:** Include a description of all assumptions, both general and specific, made by the Market Analyst concerning the Property.
(5) **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) **Statement of Ownership:** Disclose the current owners of record and provide a three year history of ownership for the subject Property.
(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) of this subsection, must be contained within the Secondary Market boundaries. 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:

(i) size based on a base year population of no more than 250,000 people ~~for Developments targeting families~~inclusive of the Primary Market Area; and

(ii) boundaries based on U.S. census tracts~~:~~

~~(I) major roads;~~

~~(II) political boundaries; and~~

~~(III) natural boundaries.~~

~~(IV) A radius is prohibited as a boundary definition.~~

(B) The Market Analyst's definition of the Secondary Market Area must ~~be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the Secondary Market.~~include:

(i) a detailed description of why the subject Development is expected to draw a significant number of tenants or homebuyers from the defined SMA;

(ii) a complete demographic report for the defined SMA;

(iii) a scaled distance map indicating the SMA boundaries as well as the location of the subject Development and all comparable Developments;

~~(C) A scaled distance map indicating the Secondary Market Area boundaries that clearly identifies the location of the subject Property must be included.~~

(8) **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 100,000 people; and

(ii) boundaries ~~identifying the most recent Census Tract definitions, as established by the U.S. Census Bureau and based on:~~

~~(I) major roads;~~

~~(II) political boundaries; and~~

~~(III) natural boundaries.~~

~~(IV) A radius is prohibited as a boundary definition~~based on U.S. census tracts.

(iii) The population of the PMA may exceed 100,000 if the amount over the limit is contained within a single census tract.

(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.~~ include:

(i) a detailed description of why the subject Development is expected to draw a majority of its prospective tenants or homebuyers from the defined PMA;

(ii) a complete demographic report for the defined PMA;

(iii) a scaled distance map indicating the PMA boundaries as well as the location of the subject Development and all comparable Developments;

(C) **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) ~~a~~Address;

(iii) ~~y~~Year of construction and year of rehabilitation, if applicable;

(iv) ~~p~~Property condition;

(v) ~~p~~Population target;

(vi) ~~u~~Unit mix specifying number of Bedrooms, number of baths, net rentable square footage; and

(-a-) monthly rent and utility allowance; or

(-b-) sales price with terms, marketing period and date of sale;

(vii) ~~d~~Description of concessions;

(viii) ~~l~~List of unit amenities;
(ix) ~~u~~Utility structure;
(x) ~~l~~List of common amenities; and
(xi) ~~f~~For rental developments only:
(-c-) occupancy; and
(-d-) turnover.~~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) **Market Information:**

(A) For each of the defined market areas~~ and all census tracts contained in whole or in part by that area~~, 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~~SMA, if applicable:
(i) total housing;
(ii) rental developments (all multi-family);
(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) of this subchapter). 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) Demographic Reports~~Turnover~~:
(i) All demographic reports must include population and household data for a five year period with the year of application as the base year;
(ii) All demographic reports must provide sufficient data to enable calculation of income-eligible, age-, size-, and tenure-appropriate household populations;
(iii) For Developments targeting seniors, all demographic reports must provide a detailed breakdown of households by age and by income.

~~Turnover rates should be specific to the Targeted Population. The data supporting the turnover rate must originate from documented turnover rates from the most current Department data on the Department web site or the most current U.S. Census Bureau tenure appropriate data for movership rates over the last 12 months or next shortest term. The Market Analyst should use the more reasonable rate, supported by IREM (Institute for Real Estate Management) or independent surveys conducted by the Market Analyst and which is subject to review by the Underwriter.~~

(E) **Demand:** Provide a comprehensive evaluation of the need for the proposed housing for the Development as a whole and 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:** The Market Analyst should use demographic data specific to the characteristics of the households that will be living in the proposed Development. For example, the Market Analyst should use demographic data specific to elderly population for an elderly Development, if available, and should avoid making adjustments from more general demographic data. If adjustment rates are used based on more general data for any of the following they should be clearly identified and documented as to their source in the report.

(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.

(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 based on 1.5 persons per Bedroom (round up).

(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 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 50% for Qualified Elderly households, and

(-b-) the upper end of each income band equal to the applicable gross median income limit for the largest appropriate household size based on 1.5 persons per Bedroom (round up) or one person for efficiency units.

(V) **Tenure-Appropriate:** Adjust the income-eligible household projections for tenure (renter or owner). If tenure appropriate income eligible target household data is available, a tenure appropriate adjustment is not necessary.

(ii) Gross Demand~~Demand from Turnover~~: Gross Demand is defined as the sum of Potential Demand from the PMA, Demand from Other Sources, and Potential Demand from a Secondary Market Area (SMA) to the extent that SMA demand does not exceed 25% of Gross Demand~~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 the proposed placed in service date.~~

(iii) Potential Demand~~Demand from Home Ownership Turnover for Qualified Elderly Developments~~: – Potential Demand is defined as the number of income-eligible, age-, size-, and tenure-appropriate target households in the designated market area at the proposed placed in service date.

(I) Maximum eligible income is equal to the applicable gross median income limit for the largest appropriate household size based on 1.5 persons per Bedroom (round up) or one person for efficiency units.

(II) For Developments targeting the general population:

(-a-) Minimum eligible income is based on a 35% rent to income ratio;

(-b-) Appropriate household size is defined as 1.5 persons per Bedroom (rounded up);

(-c-) The tenure-appropriate population for a rental Development is limited to the population of renter households.

(III) For Developments targeting the senior population:

(-a-) Minimum eligible income is based on a 50% rent to income ratio;

(-b-) Gross Demand includes all household sizes and both renter and owner households

~~Apply the turnover rate as described in subparagraph (D) of this paragraph, but not greater than 10%, to the target, income-eligible, size-appropriate and owner households in the PMA projected at the proposed placed in service date.~~

~~(iv) **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 the proposed placed in service date.~~

(iv) **Demand from Secondary Market Area:**

(I) Potential Demand from an SMA should be calculated in the same way as Potential Demand from the PMA~~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) Potential Demand from an SMA may be included in Gross Demand to the extent that SMA demand does not exceed 25% of Gross Demand.~~Not more than 25% of the demand can come from outside the PMA as calculated in subclause (I) of this clause and 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~~

(III) The supply of proposed and unstabilized comparable units in the SMA must be included in the calculation of the capture rate at the same proportion that Potential Demand from the SMA is included in Gross Demand
~~the calculation of inclusive capture rate.~~

(v~~i~~) **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.~~
(I) The source of additional demand and the methodology used to calculate the additional demand must be clearly stated;
(II) Consideration of Demand from Other Sources is at the discretion of the Underwriter;
(III) Demand from Other Sources must be limited to households that are not included in Potential Demand;
(IV) If households with Section 8 vouchers are identified as a source of demand, the Market Study must include:
(-a-) Documentation of the number of vouchers administered by the local Housing Authority;
(-b-) A complete demographic report for the area in which the vouchers are distributed .

(10) **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 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 conclusion for each proposed Unit type by number of Bedrooms and rent restriction category. Conclusions of Market Rent or Restricted Market Rent below the maximum Net Program Rent limit must be well documented as the conclusions may impact the feasibility of the Development under §1.32(i) of this subchapter.
(i) ~~**Comparable Units:** Identify developments in the PMA with Comparable Units. In Primary Market Areas lacking sufficient rent comparables, it may be necessary for the Market Analyst to collect data from markets with similar characteristics and make quantifiable location adjustments. Provide a data sheet for each development consisting of:~~
~~(I) Development name;~~
~~(II) address;~~
~~(III) year of construction and year of rehabilitation, if applicable;~~
~~(IV) property condition;~~
~~(V) population target;~~
~~(VI) unit mix specifying number of Bedrooms, number of baths, net rentable square footage; and~~
~~(-a-) monthly rent and utility allowance; or~~
~~(-b-) sales price with terms, marketing period and date of sale;~~
~~(VII) description of concessions;~~
~~(VIII) list of unit amenities;~~
~~(IX) utility structure;~~
~~(X) list of common amenities; and~~
~~(XI) for rental developments only:~~
~~(-a-) occupancy; and~~
~~(-b-) turnover.~~
~~(ii) Provide a scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of the identified developments with Comparable Units.~~
(~~iii~~)**Rent Adjustments:** In support of the Market Rent and Restricted Market Rent conclusions, provide a separate attribute adjustment matrix for each proposed unit type by number of Bedrooms 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.

(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**:

(i) State the ~~target, income-eligible, size-appropriate and tenure-appropriate household demand by~~Gross Demand for each 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) - (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) - (v) of this subsection.~~

(ii) State the Gross Demand for the proposed Development as a whole. If some households are eligible for more than one unit due to overlapping eligible ranges for income or household size, Gross Demand should be adjusted to avoid including households more than once.

(E) **Relevant Supply~~Inclusive Capture Rate~~**: The relevant supply of proposed and unstabilized comparable units includes~~The Market Analyst must calculate inclusive capture rates for the subject Development's proposed Unit types by number of Bedrooms and rent restriction categories, 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) ~~(I)~~ the proposed subject Units;

(ii) ~~(II)~~ Comparable Units with priority, as defined in §~~50.9(d)(2)~~~~49~~50.9 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) ~~(III)~~ Comparable Units in previously approved but Unstabilized Developments in the PMA; and

(iv) Comparable Units in previously approved but Unstabilized Developments in the SMA, in the same proportion as the proportion of Potential Demand from the SMA that is included in Gross Demand;

~~(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) of this subchapter for feasibility criteria.~~

(F) **Gross Capture Rate~~Absorption~~**: The Gross Capture Rate is defined as the Relevant Supply divided by the Gross Demand. The Market Analyst must calculate a Gross Capture Rate for the subject Development as a whole, as well as for each Unit type by number of Bedrooms and rent restriction categories, and market rate Units, if applicable~~Project an absorption period for the subject Development to achieve Sustaining Occupancy. State the absorption rate~~. Refer to §1.32(i) of this subchapter for feasibility criteria.

(G) A complete demand and capture rate analysis is required in every Market Study, regardless of the current occupancy level of an existing Development.

(H) **Absorption**: Project an absorption period for the subject Development to achieve Sustaining Occupancy. State the absorption rate.

(I~~G~~) **Market Impact**: Provide an assessment of the impact the subject Development, as completed, will have on existing Developments supported by Housing Tax Credits in the Primary Market (§2306.67055).

(11) **Photographs**: Provide labeled color photographs of the subject Property, the neighborhood, street scenes, and comparables. An aerial photograph is desirable but not mandatory.

(12) **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) In the event that the PMA for a subject Development overlaps the PMA's of other proposed or unstabilized comparable Developments, the Underwriter may perform an extended Sub-M~~m~~arket analysis considering the combined PMA's and all proposed and unstabilized units in the extended Sub-M~~m~~arket Area; the Gross Capture Rate from such an extended Sub-M~~m~~arket Area analysis may be used as the basis for a feasibility conclusion.

(fg) 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.**

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. The appraisal must include a statement that the report preparer has read and understood the requirements of this section.

(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.

(c) **Appraiser Qualifications.**

The qualifications of each appraiser are determined on a case-by-case basis by the Director of Real Estate Analysis or review appraiser, based upon the quality of the report itself and the experience and educational background of the appraiser. At minimum, a qualified appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board.

(d) **Appraisal Contents.**

An appraisal prepared for the Department must be organized in a format that follows a logical progression. In addition to the contents described in USPAP Standards Rule 2, the appraisal must include items addressed in paragraphs (1) - (12) of this subsection.

(1) **Title Page:** Include a statement identifying the Department as the client, acknowledging that the Department is granted full authority to rely on the findings of the report, and name and address of person authorizing report.
(2) **Letter of Transmittal:** Include reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, tax assessor's parcel number(s) of the site, 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) **Disclosure of Competency:** Include appraiser's qualifications, detailing education and experience.
(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.

(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.

(7) **Site/Improvement Description:** Discuss the site characteristics including subparagraphs (A) - (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, 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, energy efficiency measures, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

(E) **Environmental Hazards:** It is recognized appraisers are not experts 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.

(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 (7)(A) - (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 (legally permissible, physically possible, feasible, and maximally productive) must be considered.

(9) **Appraisal Process:** It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are considered in valuing the property. If an approach is not applicable to a particular property an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable.

(A) **Cost Approach:** This approach should give a clear and concise estimate of the cost to construct the subject improvements. The 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.

(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) - (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) Sales information should include address, legal description, tax assessor's parcel number(s), sales price, financing considerations and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) 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 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 net operating income statistics or the comparables must be calculated in the same manner. 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 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 comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The individual data sheets should include property address, lease terms, description of the property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) **Comparison of Market Rent to Contract Rent:** Actual income for the subject along with the owner's current budget projections must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) **Vacancy/Collection Loss:** Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparables and overall occupancy data for the subject's Primary Market.

(iv) **Expense Analysis:** Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. Include historical data regarding the subject's assessment and tax rates and a statement as to whether or not any delinquent taxes exist.

(v) **Capitalization:** The appraiser should present the capitalization method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) **Direct Capitalization:** The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) **Yield Capitalization (Discounted Cash Flow Analysis):** This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

(10) **Value Estimates:** Reconciliation 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 Time:** Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(12) **Photographs:** Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(e) **Additional Appraisal Concerns.**

The appraiser(s) must be aware of Department program rules and guidelines and the appraisal must include analysis of any impact to the subject's value.

§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: 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) 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;
(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;
(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 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 in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development, the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(e) Those Developments which have or are to receive first lien financing from HUD may submit HUD's environmental assessment report, provided that it conforms 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 repairs and replacements; improvements proposed by the ~~developer~~Applicant as outlined in a scope of work narrative submitted by the Applicant to the PCA provider that is consistent with the scope of work provided in the Application; 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 report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA must include the Department's PCA Cost Schedule Supplement which details all rehabilitation costs and projected repairs and replacements through 30 years. The PCA must also 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;

~~and~~(4) **Statement of Acknowledgement:** The PCA provider must affirm in the report that the Applicant's scope of work for improvements and the immediate needs of the rehabilitation are considered and reconciled within the PCA report and the PCA Cost Schedule Supplement.

(45) **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 and scope of work 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 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 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; and
(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) - (3) of this section through the date described in subsection (f)(2) of this section through the appointment of an escrow agent as further described in subsection (b)(3) of this section.

(e) If the Department is the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall deposit annually into a Reserve Account through the date described in subsection (f)(2) of this section.

(1) For new construction Developments:
(A) Not less than $150 per unit per year for units one to five years old; and
(B) Not less than $200 per unit per year for units six or more years old.
(2) For rehabilitation Developments:
(A) An amount per unit per year established by the Department's division responsible for credit underwriting based on the information presented in a Property Condition Assessment in conformance with §1.36 of this subchapter; and
(B) Not less than $300 per unit per year.
(3) For either new construction or rehabilitation Developments, the Owner of a multifamily rental housing Development shall contract for a third-party Property Condition Assessment meeting the requirements of §1.36 of this subchapter and the Department will reanalyze the annual reserve requirement based on the findings and other support documentation.
(A) A Property Condition Assessment will be conducted:
(i) At appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or
(ii) At least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the Development by the Department, if the Department is the First Lien Lender or the First Lien Lender does not require a third-party Property Condition Assessment.
(B) Submission by the Owner to the Department will occur within 30 days of completion of the Property Condition Assessment and must include:
(i) The complete Property Condition Assessment;
(ii) First Lien Lender and/or Owner response to the findings of the Property Condition Assessment;
(iii) Documentation of repairs made as a result of the Property Condition Assessment; and
(iv) Documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment.

(f) A Land Use Restriction Agreement or restrictive covenant between the Owner and the Department must require:

(1) The Owner to begin making annual deposits to the reserve account on the later of:
(A) The date that occupancy of the Development stabilizes as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date the property is at least 90% occupied; or
(B) The date that permanent financing for the Development is completely in place as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date when the permanent loan is executed and funded.
(2) The Owner to continue making deposits until the earliest of the following dates:
(A) The date on which the Owner suffers a total casualty loss with respect to the Development;
(B) The date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored;
(C) The date on which the Development is demolished;
(D) The date on which the Development ceases to be used as a multifamily rental property; or
(E) The later of
(i) The end of the affordability period specified by the Land Use Restriction Agreement or restrictive covenant; or

(ii) The end of the repayment period of the first lien loan.

(g) The duties of the Owner of a multifamily rental housing Development under this section cease on the date of a change in ownership of the Development; however, the subsequent Owner of the Development is subject to the requirements of this section.

(h) If the Department is the First Lien Lender with respect to the Development or the First Lien Lender does not require establishment of a Reserve Account, the Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet:

(1) Financial statements, audited if available, with clear identification of the replacement Reserve Account balance and all capital improvements to the Development within the fiscal year;
(2) Identification of costs other than capital improvements funded by the replacement Reserve Account; and
(3) Signed statement of cause for:
(A) Use of replacement Reserve Account for expenses other than necessary repairs, including property taxes or insurance;
(B) Deposits to the replacement Reserve Account below the Department's or First Lien Lender's mandatory levels as defined in subsections (c), (d) and (e) of this section; and
(C) Failure to make a required deposit.

(i) If a request for extension or waiver is not approved by the Department, Department action, including a penalty of up to $200 per dwelling unit in the Development and/or characterization of the Development as Materially Non-Compliant, as defined in §60.1 of this title, may be taken when:

(1) A Reserve Account, as described in this section, has not been established for the Development;
(2) The Department is not a party to the escrow agreement for the Reserve Account;
(3) Money in the Reserve Account
(A) Is used for expenses other than necessary repairs, including property taxes or insurance; or
(B) Falls below mandatory deposit levels;
(4) Owner fails to make a required deposit;
(5) Owner fails to contract for the third party Property Condition Assessment as required under subsection (e)(3) of this section; or
(6) Owner fails to make necessary repairs, as defined in subsection (k) of this section.

(j) On a case by case basis, the Department may determine that the money in the Reserve Account may:

(1) Be used for expenses other than necessary repairs, including property taxes or insurance, if:
(A) Development income before payment of return to Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and
(B) The funds withdrawn from the Reserve Account are replaced as cashflow after payment of expenses, but before payment of return to Owner or developer fee is available.
(2) Fall below mandatory deposit levels without resulting in Department action, if:
(A) Development income after payment of operating expenses, but before payment of return to Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and
(B) Subsequent deposits to the Reserve Account exceed mandatory deposit levels as cashflow after payment of operating expenses, but before payment of return to Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.

(k) The Department or its agent may make repairs to the Development if the Owner fails to complete necessary repairs indicated in the submitted Property Condition Assessment or identified by physical inspection. Repairs may be deemed necessary if the Development is notified of the Owner's failure to comply with federal, state and/or local health, safety, or building code.

(1) Payment for necessary repairs must be made directly by the Owner or through a replacement Reserve Account established for the Development under this section.

(2) The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs.

(l) This section does not apply to a Development for which the Owner is required to maintain a Reserve Account under any other provision of federal or state law.

To Be Posted
three days
prior to the meeting

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

Requested Action

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

Background

This Board Action Request summarizes the activities of the Disaster Recovery Division which has oversight responsibility for Community Development Block Grant (CDBG) Disaster Recovery Programs administered by TDHCA related to hurricanes Rita, Ike, and Dolly, as well as the FEMA Alternative Housing Pilot Program (AHPP).

Public Law 109-148 –Hurricane Rita Round I ($74.5 Million)

Under the **1st Supplemental CDBG Disaster Recovery Program (referred to as Round I),** there are three Councils of Governments (COGs) responsible for administering housing contracts to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. Of the $74.5 million, the total funding allocation administered by the COGs is $40,324,845 broken down as follows:

- Deep East Texas Council Of Governments (DETCOG) - $6,745,034
- Houston-Galveston Area Council (H-GAC) - $7,015,70
- South East Texas Regional Planning Commission (SETRPC) - $27,198,536
  - SETRPC - $17,598,656
  - Beaumont - $4,199,680
  - Port Arthur - $5,400,200

As detailed below, the Deep East Texas Council of Governments completed their contract activities in April. The Houston-Galveston Area Council and the South East Texas Regional Planning Commission are contractually required to complete activities by October 31, 2009. H-GAC is completing assistance to beneficiaries located in the floodplain that will be receiving assistance in the form of a loan, and SETRPC is reviewing an additional twenty-three (23) case files to determine whether assistance can be offered, as a result of cost savings from the bidding process and an increase in their award amount from funding previously unobligated that can be used to assist additional households. Cumulatively, the COGs have completed assistance to four hundred eighty-eight (488) households, have another thirteen (13) homes under construction, and have twenty-nine (29) more homes under contract pending the onset of construction activities. Cumulatively, there are five hundred thirty (530) homes either under bid award, under construction, or completed as of August 27, 2009 which represents one hundred twenty-four percent (124%) of the contracted number of households to be served. Program efficiencies have allowed for a greater number to be served than was originally anticipated.

The COGs have committed $734,731 of HTF dollars to assist with gap financing needs, and $632,860 of that has been drawn. More of these HTF dollars are anticipated to be obligated to address the gap financing needs of the additional homeowners being served under this program.

Financial Summary

	Current Budget	Admin $ Drawn To Date	Project $ Drawn To Date	Total Requested	% of Funds Drawn
DETCOG	**$6,745,034.00**	**$674,304.31**	**$6,070,531.00**	**$6,563,103.52**	**97.30%**
H-GAC	**$7,015,706.00**	**$891,194.92**	**$6,080,954.00**	**$5,693,825.36**	**81.16%**
SETRPC	**$27,198,536.00**	**$2,672,705.90**	**$23,325,569.00**	**$21,353,190.35**	**78.51%**
SETRPC	$17,598,656.00	$2,133,761.68	$14,488,689.00	$13,730,853.81	78.02%
Beaumont	$4,199,680.00	$436,783.16	$3,757,680.00	$3,865,805.96	92.05%
Port Arthur	$5,400,200.00	$102,161.06	$5,079,200.00	$3,756,530.58	69.56%
Totals	**$40,959,276.00**	**$4,238,205.13**	**$35,477,054.00**	**$33,610,119.23**	**82.06%**

Project Summary

	No. to be Served	No. out for Bid	* Units Under Contract	No. Site-built Under Construction	Total Rehabilitated /Reconstructed	No. of MHUs Delivered	Total No. Constructed/ Delivered
DETCOG	**128**	**0**	**0**	**0**	**13**	**115**	**128**
H-GAC	**103**	**0**	**5**	**2**	**23**	**73**	**96**
SETRPC	**277**	**0**	**24**	**11**	**209**	**55**	**264**
SETRPC	172	0	21	8	110	55	165
Beaumont	51	0	3	2	50	0	50
Port Arthur	50	0	0	1	49	0	49
Total	**427**	**0**	**29**	**13**	**245**	**243**	**488**

** Total of MHUs ordered but not yet delivered and construction contracts signed for site-built units*

<u>Public Law 109-234 – Hurricane Rita Round II ($428 Million)</u>

The **2nd Supplemental CDBG Disaster Recovery Funding (referred to Round II)** is the second of two awards in CDBG funding to help restore and rebuild in areas of the State most directly impacted by hurricane Rita, but it also addresses needs arising from hurricane Katrina evacuees. The total funding allocation is $428,671,849, broken down as follows:

	Current Budget	Cumulative Expenditures	Balance Remaining	Percentage Expended
Homeowner Assistance Program (HAP)	$210,371,273.00	$41,169,778.47	$169,201,494.53	**19.57%**
Sabine Pass Restoration Program (SPRP)	$12,000,000.00	$4,193,844.96	$7,806,155.04	**34.95%**
Rental Housing Stock Restoration Program (RHSRP)	$82,779,333.00	$44,925,766.01	$37,853,566.99	**54.27%**
City of Houston/Harris County Public Services & Community Development Program (Houston/Harris Co)	$61,500,000.00	$33,114,919.97	$28,385,080.83	**53.85%**
Restoration of Critical Infrastructure Program (ORCA)	$42,000,000.00	$16,318,427.39	$25,681,572.61	**38.85%**
State Administrative Funds (Admin Funds)	$19,933,592.00	$7,447,910.87	$12,485,681.13	**37.36%**
	$428,584,198.00	**$147,170,647.67**	**$281,413,550.33**	**34.34%**

CDBG Round 2 City of Houston and Harris County Public Service and Community Development Program

City of Houston
Original funding of $20 million was allocated to the Houston Police Department for establishment of the Housing Safety Component, composed of civilian and officer personnel. Civilian personnel consist of administrative staff that supports the officer personnel and the entry of the overtime incurred by officers on behalf of the hurricane evacuee population. A re-allocation of $1,500,000 of administrative funds was provided to the Houston Police Department's Housing Safety Program in July of 2009.

Funding of $20 million was also allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program. These funds will provide rehabilitation of multi-family housing to the evacuee population.

The administrative fund budget category is $500,000, of which $49,944.56 or 9.99% has been expended.

The City of Houston's Housing Safety Component expenditures are $19,993,902.26 or 92.99% of the $21,500,000 allocation.

The Housing Safety and Apartment to Standards program expenditures remained at $9,144,342.20 or 45.72% of the $20,000,000 allocation. The Apartment to Standards program has executed contracts for two rehabilitation projects. The Fondren Court project has been completed. The Department is performing final inspections on the property and the remaining balance of $705,657.80 is expected to be issued within the following month. Expenditures of $9,144,342.20 represent 92.84% of the $9,850,000 allocated to the Fondren Court project. The Regency/Sandpiper project was allocated $10,150,000, with rehabilitation commencing in May 2009. There have been no expenditures submitted for reimbursement.

Harris County
Funding of $20 million was allocated to provide services to the residents of Harris County among six different program components: Expanded Services to Hurricane Evacuees (Harris County Sheriff's Dept.), Evacuee Medical Services (Harris County Hospital District), Katrina Crisis Counseling Program (Mental Health and Mental Retardation Authority), Youth Offenders Services (Harris County Sheriff's Dept.), Disaster Housing Assistance Program Component (Harris County) and the Multi-Family Evacuee Housing Program.

The administrative fund budget category is $1,000,000, of which $504,434.11 or 50.44% has been expended.

Expenditures incurred among the six program categories equal $3,976,675.51 or 19.88% of the $20,000,000 allocation.

The Department continues to work closely with Harris County to expedite environmental clearance for the two sites within their multifamily component.

CDBG Round 2 Multifamily Rental Housing Stock Restoration Program

On September 13, 2007, the TDHCA Board awarded $81.1 million to repair or rebuild seven Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. A subsequent amendment awarded additional funds for a total of $82,799,333 for this activity. The construction work, once completed, will restore rental unit housing to 838 low-income individuals and families. Award-specific status is outlined in the table below:

Loan Number	Development Name	City	Total Units	Type of Activity	CDBG Loan Amount	Funds Drawn/ Expended	Loan Closing Date
7060007	Orange Navy Homes	Orange	140	Recon.	$15,821,439	$7,790,694.07	10/15/2008
7060010	Brittany Place II Single Family	Port Arthur	100	Recon.	$13,077,366	$2,514,808.71	12/04/08
7060006	Pointe North	Beaumont	158	Recon.	$13,778,332	$7,598,417.80	8/31/2008
7060011	Gulfbreeze Plaza I	Port Arthur	86	Recon.	$9,067,577	$1,905,717.41	12/17/2008
7060012	Gulfbreeze Plaza II	Port Arthur	148	Recon.	$13,280,250	$12,037,386.70	6/11/2008
7060008	Virginia Estates	Beaumont	110	Rehab	$6,707,534	$4,280,568.41	5/26/2008
7060009	Brittany Place I Multifamily	Port Arthur	96	Recon.	$11,046,835	$8,807,172.91	4/9/2008
		Totals:	**838**		**$82,779,333**	**$44,925,766.01**	

CDBG Round 2 Homeowner Assistance Program and Sabine Pass Restoration Program Update from ACS State & Local Solutions, Inc.

Key metrics as of August 24th are shown in the chart below. Changes in the totals of key metrics from 6/15 are as follows:

- Completed applications increased by 609, from 2,970 to 3,579
- Completed inspections now total 2,038 an increase of 226
- A total of 1,407 homes have been assigned to contractors, an increase of 289
- The total number of Benefit Selection meetings held increased by 287
- Closings have increased by 209 to a total of 882
- Constructions starts have gone from 536 to 782, an increase of 246

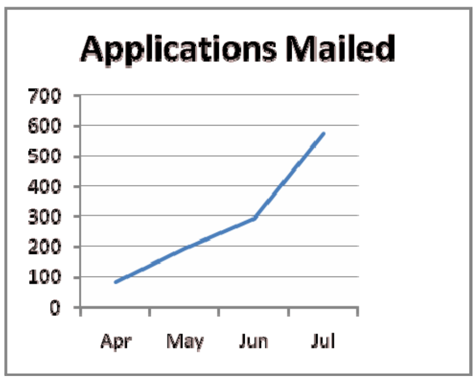
AS OF 8/24/09	HAP	SPRP	Total
Completed Applications	3,456	123	3,579
Passed Eligibility	1,775	93	1,868
Inspections Complete	1,927	111	2,038
Projects Assigned to Contractors	1,328	79	1,407
Benefit Selection Meetings Held	1,328	79	1,407
Closings	824	58	882
Construction Starts	731	51	782

OUTREACH

On July 29th, final notices were mailed to every PO Box in Sabine Pass identifying a deadline of August 14th for the submission of any further applications or supporting documentation. This mailing effectively closed the Sabine Pass Restoration Program to any additional applications. Total applications received from Sabine Pass total 129. Of these, 123 are complete and 93 of those have passed eligibility.

The 22nd of August saw the implementation of a program designed to inform elected officials of Program activities in their jurisdictions. A report identifying the address, structure type and key milestones in the construction process was sent to State Legislators. These reports will continue to be dispatched on a periodic basis to the legislators and other elected officials in the 22-county area covered by the Program.

An additional Outreach initiative was launched on July 8th with the mailing of 50 letters to applicants who had progressed through Benefit Selection. These applicants were asked to refer to the Program anyone whose home was damaged by Hurricane Rita and who was still in need of assistance. This process continued through July 23rd with a total of 986 letters mailed. Indications are that this effort contributed significantly to the number of requests for applications and subsequent applications mailed. As can be seen below; the 573 applications mailed in July exceeded the total of the previous three months. The mailing of applications in August is on track to exceed the July number.



CONSTRUCTION

The first 13 rehab assignments to contractors were made on August 14th and work on these homes is expected to start in September.

Substantial headway has been achieved in dealing with municipal home size restrictions. Of the over 30 homeowners affected by the restrictions in five different cities, all but two, one each in Port Neches and Lumberton have either been resolved or are working towards resolution.

Clearance to proceed with demolition and replacement was received from the Texas Historical Commission on the first of over a dozen homes declared as having historical significance by the Commission. We anticipate that this will pave the way for the expeditious receipt of permission to proceed on the remaining homes in this group.

Public Law 110-329 –Hurricane Ike/Dolly Round I ($74.5 Million)

TDHCA has been designated by the Governor to administer housing recovery funds related to Hurricanes Ike and Dolly. The Department is administering $654,158,758 in housing funds, of which $562,613,463 will be administered locally by 18 subrecipients. $58,834,914 is being set-aside for affordable rental housing activities through a notice of funds availability, and $32,710,381 is being used by TDHCA for administrative expenses.

To date, TDHCA has awarded $531,113,103 to 13 subrecipients and is recommending the remaining $31,500,360 for award under a separate Action Item. TDHCA executed a contract with the city of Houston on August 19, 2009, and sent a contract to Harris County for execution on August 21, 2009. Staff anticipates releasing 11 additional contracts for execution during the first part of September, and the final 5 contracts will be released by early October, pending resolution of audit issues identified during the previous participation review process. The deadline to apply under the $58 million set-aside for affordable rental housing activities was August 14, 2009. Staff is reviewing the applications received to date and one award is being recommended, also under a separate Action Item.

Subrecipient	**Allocation**	**Date of Award**
Brazos Valley Council of Governments	**N/A**	
Brazos Valley Affordable Housing Corporation	$948,929	9/3/2009
Deep East Texas Council of Governments	**$5,931,070**	**7/30/2009**
East Texas Council of Governments	**$415,117**	**7/16/2009**
Houston-Galveston Area Council *	**$11,076,980**	**7/30/2009**
Galveston	$160,432,233	7/16/2009
Galveston County	$99,503,498	7/16/2009
Harris County	$56,277,229	7/16/2009
Houston	$87,256,565	5/21/2009
Chambers County	$20,921,582	9/3/2009
Liberty County	$8,878,923	9/3/2009
Fort Bend County	$1,582,107	7/30/2009
Montgomery County	$6,909,237	7/16/2009
Lower Rio Grande Valley Development Council	**N/A**	
Brownsville	$1,635,318	7/30/2009
Cameron County	$3,093,750	7/30/2009
Mission	$209,638	9/3/2009
Hidalgo County	$2,000,000	7/30/2009
Willacy County	$541,287	9/3/2009
South East Texas Regional Planning Commission	**$95,000,000**	**7/16/2009**
TOTAL	**$562,613,463**	
Rental NOFA	$58,834,914	
TOTAL HOUSING	**$621,448,377**	

FEMA Alternative Housing Pilot Program

The Disaster Recovery Division is also responsible for administration of the Federal Emergency Management Agency (FEMA) award of $16,471,725 for the Alternative Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes.

On January 7, 2008, the Federal Emergency Management Agency (FEMA) announced that TDHCA was awarded $16,471,725 for the Alternative Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes for a time period of twenty-four months. A one-time exemption to the Stafford Act, AHPP permits the use of FEMA funding to study alternatives to the FEMA trailer by examining cost-effective solutions that meet a variety of housing needs. Pursuant to FEMA requirements, the pre-fabricated units must be awarded within the 22 counties affected by the 2005 Hurricanes.

The Heston Group was selected to pilot a pre-fabricated, panelized solution which can be deployed quickly and built to accommodate a diverse population.

On July 31, 2009, TDHCA issued a notice of contract termination to the Heston Group for failure to provide sufficient responses to the requests outlined in the default notices issued on May 12, 2009 and June 25, 2009. The Department is currently working with the Heston Group as well as with their legal representation to build a transition and transfer of assets plan. As a result of the contract termination, the Department is currently working on a Request for Proposal (RFP) for a contractor that has the ability to complete the remaining portion of the program. The RFP will be released following the completion of the transition plan between the Heston group and the Department.

TDHCA staff is also working closely with the City of Houston on the planning for a group site to address the renter population that relocated from East Texas due to Hurricane Rita.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of the Draft Amendment to the Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Hurricanes Ike and Dolly Impacted Areas

Requested Action

Approval to submit the Draft Amendment to the Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Hurricanes Ike and Dolly Impacted Areas to the Office of Rural Community Affairs for Submission to HUD

Background

Emphasizing local input and local control, the Texas Department of Housing and Community Affairs (TDHCA) drafted a plan detailing how it will expend the housing portion of $1.7 billion in Community Development Block Grant funds for disaster recovery activities relating to hurricanes Ike and Dolly. TDHCA expects housing programs to receive approximately 50 percent of the total funding award, or about $850 million. However, the final decision will be made by local officials through regional Councils of Government (COGs), who will determine how much funding will go to housing, infrastructure, and economic development activities. The plan was forwarded to the Office of Rural Community Affairs (ORCA), the state’s lead agency for Ike and Dolly recovery activities, where it was combined with plans for non-housing activities that will result in an action plan amendment that will be submitted to the U.S. Department of Housing and Urban Development (HUD) later this year. This funding allocation represents Round II of Community Development Block Grant awards for Texas’ disaster recovery efforts related to hurricanes Ike and Dolly. The federal government in April 2009 previously awarded the state $1.3 billion in federal disaster recovery funds in Round I.

The plan was forwarded to the Office of Rural Community Affairs (ORCA), the state’s lead agency for Ike and Dolly recovery activities, where it was combined with plans for non-housing activities that will result in an action plan amendment that will be submitted to the U.S. Department of Housing and Urban Development (HUD) by September 30, 2009.

This funding allocation represents Round II of Community Development Block Grant awards for Texas’ disaster recovery efforts related to hurricanes Ike and Dolly. The federal government in April 2009 previously awarded the state $1.3 billion in federal disaster recovery funds in Round I.

In support of this local initiative, TDHCA and ORCA have been holding public hearings announced a series of five public hearings around the state to accept comment on the plan at the following locations:

Public Hearing Dates, Times and Locations				
Hearing 1	Hearing 2	Hearing 3	Hearing 4	Hearing 5
Weslaco	Galveston	Houston	Beaumont	Groveton
Thursday August 13, 2009 9 am to 11 am	Tuesday August 18, 2009 6 pm to 8 pm	Wednesday August 19, 2009 10 am to 12 pm	Monday August 31, 2009 2 pm to 4 pm	Tuesday September 1, 2009 10 am to 12 pm
Texas AgriLife Research Center Auditorium Room 102 2415 E. Hwy. 83 Weslaco, TX 78596	Galveston County Commissioners Court 722 Moody, 1st Fl. Galveston, TX 77550	Houston City Hall Annex, Public Level Chamber 900 Bagby Houston, TX 77002	Southeast Regional Planning Commission Homer E. Nagel Meeting Room 2210 Eastex Fwy. Beaumont, TX 77703	Trinity County Commissioners Courtroom 219 West First Groveton, TX 75845

Recommendation

Staff recommends approval of the draft Amendment to the Texas Action Plan.

Amendment to the

Plan for Disaster Recovery

Prepared by the Disaster Recovery Division of the Office for Rural Community Affairs
With inserted material from the Texas Department of Housing and Community Affairs
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EXECUTIVE SUMMARY

The hurricane season of 2008 severely impacted the Texas Gulf Coast with three hurricanes and a tropical storm. The most serious of these were Hurricane Dolly hitting South Texas in July and Hurricane Ike striking the upper coast in September. Soon afterward in November 2008 the Texas Rebounds Report cited preliminary unreimbursed damages of $29.4 billion. Availability of the initial round of CDBG Disaster Recovery funding and designation of the affected area (see Appendix- A-2) for these two events was published in the *Federal Register* on February 13, 2009. Availability of the second round of funding has been announced but has not yet been published.

Initial damage estimates, as of December 1, 2008, provided by FEMA became the basis for allocation of an initial round ($1,314,990,193) of CDBG Supplemental funds. Funds were released by HUD with approval of the Plan for Disaster Recovery (referred to as the Action Plan) on May 14, 2009, July 2, 2009 and July 24, 2009 as the regional and county level Methods of Distribution were finalized by local officials.

The announcement of a second round ($1,743,001,247) of funding on June 10, 2009 has required the submission of this amendment to the initial plan. This amendment allows for the "mid course adjustments", as promised in the initial Action Plan. This amendment will utilize the latest information available about the event, address unmet needs and compliment the more locally driven first round of funding, which was designed to accommodate the more immediate needs of communities.

New elements key to the 2nd round allocation of funds include:

- Making 50% of the funds available for housing needs;
- Prioritizing projects that meet the low to moderate income (LMI) national objective;
- Inclusion of allocations for targeted activities including generators, medical facilities and economic development to provide for a broader approach to recovery;
- Creation of a Recovery Enhancement Pilot Project Program to promote sustainable planned recovery efforts in accordance with HUD priorities;
- Utilization of a competitive funding pool for areas less impacted by the storms to maximize the use of funds for high priority need in the areas most impacted by the disaster; and,
- Development of program criteria that encourages long-term strategies for reducing the risk of damage from future natural disasters.

These features will complement and enhance the locally determined allocation process first used in round one and incorporated in this proposal for infrastructure and housing funds in the most severely impacted regions.

The following constitutes an amendment to the initial Action Plan published December 3, 2008 (referred to as the Action Plan). All aspects of that plan remain in force for the second round of funding unless specifically modified by this document.

ROLES AND RESPONSIBILITIES

The Office of Rural Community Affairs was designated as the entity responsible to the U.S. Department of Housing and Urban Development for the grant administration of the CDBG disaster recovery funding. In this capacity, ORCA will continue to be responsible for execution of the CDBG grant award, development of Action Plan amendments, completion of quarterly reports, the associated letter of credit, and the end of the award report. ORCA will also oversee the distribution of CDBG funds for all non-housing activities and the Recovery Enhancement Pilot Project Program. The Texas Department of Housing and Community Affairs (TDHCA) is a major partner with ORCA and contributed to the development of this amendment. They were designated as the agency responsible for housing activities and will continue to administer disaster recovery funding for housing other than that associated with the pilot program.

Regional Councils of Governments (COGs) in the areas most impacted by the disaster will be responsible for developing methods of distribution for housing and non-housing funds not termed as categorical competitive activities (generators, medical facilities, economic development). Local governments, cities and counties, may act as grantees for funds allocated by Councils of Governments and may apply, along with other eligible entities as provided in each application guide for categorical activity funding and may participate in competitive funding pools.

FEDERAL APPROPRIATION

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. Law 110-329), enacted on September 30, 2008, appropriated $6.5 billion through the Community Development Block Grant (CDBG) program for “necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization in areas affected by hurricanes, floods, and other natural disasters occurring during 2008 for which the President declared a major disaster...”.

The U. S. Department of Housing and Urban Development (HUD) was designated by Congress as the administering agency. In October 2008, HUD reduced the amount of funding to $6.1 billion in response to a budget rescission requirement from Congress. On November 28, 2008, HUD made an initial allocation to Texas of $1,314,990,193. A second allocation of $1,743,001,247 was announced on June 10, 2009 and is the genesis of this amendment. This later round of funding and its associated regulations has not yet been published by HUD in the *Federal Register*. As a result, this document is subject to revision in order to comply with any new requirements.

All restrictions and requirements stated in the original Action Plan are proposed to remain in effect over the second round of funding unless required to be modified to comply issuance of the guidance for round two funding. In addition, HUD has established the *Disaster Recovery Enhancement Fund* as a matching grant to encourage States to undertake long-term disaster strategies that focus on reducing the risk of damage from future natural disasters. Based upon HUD press releases, second round funds expended on specified activities that promote planning, harden facilities to be able to withstand future hurricane events and encourage sustainable development practices could be leveraged to secure additional recovery funds under this initiative. These projects may include:

- Buyout payments for homeowners living in high-risk areas;
- Optional relocation payments to encourage residents to move to safer locations;
- Home improvement grants to reduce damage risks (property elevation, reinforced garage doors and windows, etc.);
- Improving and enforcing building codes; and,
- Developing forward-thinking land-use plans that reduce development in high-risk areas.
- The Recovery Enhancement Pilot Projects are anticipated to qualify for these matching funds.

ONGOING ELEMENTS OF THE ACTION PLAN

The initial Action Plan included significant discussions of programmatic requirements and restrictions on the use of funds (see listing in appendix B-2). These are carried forward into round two of disaster recovery funding. This included modifications of certain HUD regulations and alternative compliance standards. Since acceptance of that plan by HUD additional waivers have been granted (see appendix B-2) for the affected areas and are also to be in force through the second funding cycle.

INTRODUCTION - IMPACT OF THE STORMS AND RECOVERY NEEDS

The original Action Plan, coming soon after the disaster event relied upon FEMA damage assessments available at that time as a frame work for allocation of funds to the various regions. In addition, regions were encouraged to utilize analytical standards, in particular those connected with the physical impacts of the storms, in developing their methods of distribution within their respective areas.

In response to stakeholder feedback regarding the validity of FEMA damage assessments and concurrent with development of the MODs, ORCA engaged the engineering firm HNTB to identify and assess potential projects and provide documentation of damage, scoping and cost estimating services in 29 counties most affected by Hurricane Ike. HNTB's technical assistance was targeted to non entitlement communities with fewer resources available during the immediate aftermath of the storm to provide independent analysis of damage and preliminary screening and specifications for selected projects. This formed the basis for additional opportunities for requests for FEMA funding, documentation of urgent need and project descriptions for grant applications. The 2,751 individual projects assessed by HNTB formed a data base of needs and overall damage for these communities.

ORCA determined that second round funding allocations should be grounded in a model of damage assessment utilizing the physical elements of hurricanes Ike and Dolly. HNTB was charged with providing ORCA with the basis for this model in order to refine the original assessment by FEMA and identify the areas of unmet need from the first round.

The damage model first measured each events storm surge, rainfall and wind impacts on the areas impacted by Hurricanes Dolly and Ike (see study tables and maps in appendix C-2). This model was further modified to take into account the area, at the coast, hardest hit by the 40 nautical mile eye wall of Hurricane Ike that received the most severe damage; a finding supported by research conducted jointly by NASA and NOAA. The assessment for each storm event was then aggregated and along with the impact zone indices yielded a cumulative damage distribution across the eleven regions that encompass the declared disaster area.

STATUS OF ROUND ONE RECOVERY ACTIVITIES

The initial Action Plan distributed funds to impacted regions, as discussed previously, based upon the FEMA public assistance and individual assistance data available as of December 1, 2008. Responsibility for further distribution of funds was assigned to the regional Councils of Governments, utilizing their own objective method of distribution (MOD), with the intent that local officials could best determine local needs. Replicable and verifiable data was required for this process and use of physical damage criteria was strongly recommended. All MODs have been received, approved by ORCA and grant applications are being submitted and approved.

Several trends have become evident in the review of the applications and the comments from stakeholders. There is a wide spread need for generators and other system improvements to assure continuity of service during and after storm events. Jurisdictions have prioritized projects other than those serving low to moderate income residents in an effort to move recovery forward as fast as possible by focusing on urgent need projects with overall benefit to the community. This later outcome impacts the State's ability to fulfill its obligation to expend 50% of the total funds to meet the LMI national objective.

This Action Plan amendment occurs at a mid-point in the application evaluation process and allows ORCA to re-examine its approach and take affirmative steps to address these issues with round two funding.

PROPOSED AMENDMENT FOR ROUND TWO RECEOVERY FUNDING

<u>Roles and responsibilities</u>

Round two disaster recovery funds will be distributed equally between housing and non-housing activities. ORCA and TDHCA will be responsible for administration and project delivery costs from those funds to manage their respective grants awarded in accordance with this amendment and adopted Methods of Distribution.

Both agencies will also directly administer special purpose funding projects. Affordable rental housing will be managed by TDHCA to comply with the requirement, as identified in the disaster recovery appropriation, to spend approximately 10% of total funding on this activity. ORCA will administer the Recovery Enhancement Pilot Project Program in response to HUD policy priorities as expressed by creation of the Disaster Recovery Enhancement Fund and the Partnership for Sustainable Communities.

Allocation of Funds

This Action Plan amendment proposes to build on the successful aspects of the initial Action Plan and establish new mechanisms to better meet the unmet needs of the impacted disaster area. This amendment takes steps to achieve the following goals for round two funding:

- Provide funding allocations that better reflect the impact of the storm events;
- Targeted activities including generators, medical facilities and economic development to provide for a broader approach to recovery;
- Prioritize projects benefiting low to moderate income beneficiaries; and,
- Promote a systemic and comprehensive approach to community recovery.

The initial Action Plan stated that round one allocations were based on incomplete data sets that were the best information available at the time and that future allocations would utilize additional data when it became available. ORCA's storm impact model is being used to establish a proportional distribution of all funds across the declared disaster area. This distribution was applied to the cumulative funds (rounds one and two) made available by HUD. The assessment was performed for both housing and non-housing activities and applied to funds not specified for administration, project delivery or two special program areas (low income rental housing assistance and the Recovery Enhancement Pilot Project Program). Each region's share of cumulative funds was then adjusted by the funds already allocated in round one to derive their respective degree of unmet need (see appendix E-2). Additionally, this model identified two distinct levels of impact that resulted from the storms. This finding shapes the mechanisms proposed for funding allocations.

ORCA proposes distributing non-housing funds for four specific types of activities in order to assure availability of funds for these priority needs. Projects for three categories of activity would draw funds from either regional set asides or multi-regional funding pools. The Recovery Enhancement Pilot Project Program receives a direct allocation and would be administered by ORCA for three to five sites chosen to be models of integrated, sustainable and planned redevelopment activities.

ORCA's storm impact model found that four regions (H-GAC, SETRPC, LRGVDC and DETCOG) experienced the vast majority (over 87%) of storm impact. This finding is also supported by reviewing FEMA damage assessments. ORCA proposes that each of these COGs develop a method of distribution making direct allocations, with a minimum award of $75,000, to grantees for housing and infrastructure funds. No local competitions or county level MODS will be allowed for round two funding. Each of the four regions would also have a set aside of funds within each of the non-housing activity specific competitions, which will be administered by ORCA.

The remaining seven regions (mostly inland) received significantly less severe storm damage. A competitive funding pool is proposed for these regions (ATCOG, CBCOG, CTCOG, BVCOG, ETCOG, GCRPC and STDC) at a constant funding level of available funds. Eligible entities in these COGS would be able to apply for housing, infrastructure and all the activity specific projects from this pool. This approach removes the limitations of small distributions and allows the projects with greatest need to be funded despite local or size, but would still give preference to projects within regions of higher storm impact.

Allocation of Round 2 Funds							
Regions	Total Funds	Total Housing	Total Non-Housing	General Non-Housing	Specific Non Housing Activities		
					Generator	Healthcare facilities	Economic Development
SETRPC	$261,796,354	$129,050,747	$131,541,769	$104,326,231	$9,071,846	$3,628,738	$14,514,954
H-GAC	$623,128,825	$259,974,210	$359,324,629	$284,981,602	$24,781,009	$9,912,404	$39,649,614
LRGVDC	$141,288,542	$89,861,639	$50,903,880	$40,372,043	$3,510,612	$1,404,245	$5,616,980
DETCOG	$187,644,068	$121,837,438	$65,120,122	$51,646,994	$4,491,043	$1,796,417	$7,185,669
*Pooled funds	$71,605,632	$46,401,433	$24,947,552	$19,785,989	$1,720,521	$688,208	$2,752,833

Recovery Enhancement Pilot Project Program	$130,725,094
Affordable Rental Program	$174,300,125
Texas Rapid Housing Recovery Demonstration	$6,000,000
Administration	$87,150,062
Planning and Project Delivery	$65,862,547

* Pooled funds available to eligible entities in ATCOG, BVCOG, CBCOG, CTCOG, ETCOG, GCRPC, STDC

Description of eligible activities

All eligibility standards in place for the first round of funding shall remain in place through round two.

Housing activities shall be administered by TDHCA in accordance with their regulations and as further described by them below:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

HURRICANE IKE AND DOLLY

SECOND CDBG SUPPLEMENTAL DISASTER HOUSING RECOVERY ALLOCATION

The Texas Department of Housing and Community Affairs (TDHCA) has been designated by Governor Perry as the state agency responsible for all aspects of housing recovery associated with Hurricanes Ike and Dolly. The Department shall manage housing recovery programs in coordination with the lead agency for this Community Development Block Grant, the Office of Rural Community Affairs. However, TDHCA and its Governing Board shall have full responsibility and authority for the establishment of policy and managing all aspects of housing recovery and related activities associated with these funds.

For the Second Allocation of Hurricane Ike and Dolly Disaster Recovery Funds, TDHCA proposes a plan for housing recovery featuring:

- **Local control**

- **A state-run program in which TDHCA partners with local governments and shares administrative funding to repair and rebuild housing quickly**
- **Local freedom to "opt out" of the state-run program is made available where local governments present capacity**
- **three targeted set-asides:**
  - **$179 million for an Affordable Rental Housing Recovery Program, to meet the HUD affordable rental housing requirement for 10.6% of the funds;**
  - **$500,000 to establish the Texas Title Clearance and Legal Assistance Program helping to overcome Title clearance and legal obstacles enabling low-income Texans to realize fully the benefits of Hurricane recovery programs and homeownership**
  - **$6 million for the Texas Rapid Housing Recovery Pilot a statutorily required pilot program to identify and demonstrate alternative approaches to rebuilding housing following a natural disaster. The pilot will build a minimum of 60 homes.**

Background

According to *Texas Rebounds*, the Governor's Office assessment of damage in Texas resulting from Hurricanes Ike and Dolly, uninsured damage to housing was estimated to be $3.4 billion.

Overall, the State of Texas will administer approximately $3 billion in CDBG funds in connection with the recovery from Hurricanes Ike and Dolly. These funds came in two allocations: the first allocation totals $1.3 billion (Round I) and the second $1.7 billion (Round II). The first, Round I allocation will expend 51% for non-housing needs, such as infrastructure and economic development projects administered by the Office of Rural and Community Affairs ("ORCA"); 49 percent will be expended on housing related activities administered by the Texas Department of Housing and Community Affairs (TDHCA).

To date, $531,113,103 of the housing program funds under the first allocation have been awarded to 13 subrecipients, and the remaining $31,500,360, intended for 6 subrecipients, are expected to be approved for award by the TDHCA Governing Board at its September 3, 2009, meeting.

Consistent with the directive of Governor Perry to provide maximum local control, TDHCA housing programs for Round I have been developed by the local Councils of Government, based on local input or are being administered by local authorities chosen by the COGs, with technical assistance and training support provided by TDHCA.

A list of Round I subrecipients and the funding for a rental NOFA is provided below:

Subrecipient	**Allocation**	**Date of Award**
Brazos Valley Council of Governments	**N/A**	
Brazos Valley Affordable Housing Corporation	$948,929	9/3/2009
Deep East Texas Council of Governments	**$5,931,070**	**7/30/2009**
East Texas Council of Governments	**$415,117**	**7/16/2009**
Houston-Galveston Area Council *	**$11,076,980**	**7/30/2009**
Galveston	$160,432,233	7/16/2009
Galveston County	$99,503,498	7/16/2009
Harris County	$56,277,229	7/16/2009
Houston	$87,256,565	5/21/2009
Chambers County	$20,921,582	9/3/2009
Liberty County	$8,878,923	9/3/2009
Fort Bend County	$1,582,107	7/30/2009
Montgomery County	$6,909,237	7/16/2009
Lower Rio Grande Valley Development Council	**N/A**	
Brownsville	$1,635,318	7/30/2009
Cameron County	$3,093,750	7/30/2009
Mission	$209,638	9/3/2009
Hidalgo County	$2,000,000	7/30/2009
Raymondville	$128,787	9/3/2009
Willacy County	$412,500	9/3/2009
South East Texas Regional Planning Commission	**$95,000,000**	**7/16/2009**
TOTAL	**$562,613,463**	
Rental NOFA	$58,834,914	
TOTAL HOUSING	**$621,448,377**	

TDHCA is working with subrecipients to ensure that funds are targeted to an area's most critical housing needs and that programs are designed to ensure access for the lowest-income individuals with limited or no means of recovery. Full public participation in program design is being required by TDHCA. The public must be afforded sufficient opportunity to comment on programs being proposed. The Department is also working with subrecipients to ensure full compliance with federal and state fair housing laws and rules.

In addition to the funds being administered by these Subrecipients, there is a $58 million affordable rental housing set-aside administered by TDHCA to restore rental housing impacted by the storm. Funds associated with this set-aside are expected to be awarded at the TDHCA Governing Board meeting on October 15, 2009.

Program Proposals for Round II

For all aspects of this Action Plan Amendment, local choice shall be emphasized, and the Councils of Government shall have the right, subject to compliance with CDBG requirements as determined by HUD, to make the ultimate determinations as to the allocations of funds within their regions among housing, infrastructure, and economic development programs.

For Round I funding earlier this year, the COGs determined that 49% of funds should go to housing with the remaining 51% going to infrastructure and economic development. Accordingly, under Round II for planning, administration, and staffing purposes associated with the management of the grant, TDHCA and ORCA have assumed a 50/50 split of funds between housing, to be administered by TDHCA, and infrastructure and economic development, to be administered by ORCA. However, again, the actual determination for the allocation of funds shall be developed by the Councils of Government, based on their own public input processes and any additional verifiable damage data that they may develop.

TDHCA will assist COGs to conduct a detailed analysis of their local housing damage assessments and their program eligibility criteria. The state's Hurricane Rita Housing Recovery Program successfully served a broad range of low and moderate income Texans. The housing responses to Hurricanes Ike and Dolly require a similar response. Successful restoration of the housing infrastructure of Texas coastal communities will require the full range of housing needs to be addressed, including housing that serves those with low income, very low, and extremely low income. Such a comprehensive approach is an essential predicate for a successful economic recovery, ensuring local housing for the workforce.

COGs, or subrecipient county and local governments designated by the COGs, will be asked to provide documented updated needs assessments to earlier FEMA damage assessments. These more fully developed damage and needs assessments will be used to develop an array of housing programs that addresses local needs in an appropriate and proportional manner to ensure that all income levels impacted are served and to meet federal and state fair housing laws and HUD requirements. Decisions on program development must evidence a correlation to the needs and other assessments, as well as data collected on damage from the storms. TDHCA shall reserve the right to approve of all eligibility criteria to ensure programmatic consistency and that the needs of impacted persons are being met. Round II funds shall be required to address unmet needs for populations not served or not sufficiently served with Round I funds. This process of taking into account the nature of Round I and Round II together is essential to ensure that overall administration of these two rounds meet the statutory requirements and provide impacted areas with a disaster response that is comprehensive and balanced.

Once final allocation decisions are made, the COGs and other eligible subrecipients identified by the COGs shall have the opportunity to designate housing programs to be administered locally or by TDHCA. Should a COG, city, or county government intend to manage its programs locally, they will be expected to provide to TDHCA a clear statement of their proposed programs, including specific programmatic benchmarks, eligibility requirements, and information regarding their capacity.

Locally-run Programs

Jurisdictions seeking to operate local housing programs shall develop housing programs that offer the same basic program elements as the state administered plan including benefits and eligibility criteria, unless unique facts and circumstances are documented to support a variance. The combined Round I and Round II housing programs must appropriately and proportionally address the identified housing needs of owners and renters and lower-income households. These include, but are not limited to:

- Single family repair;
- Single family rehabilitation;
- Single family replacement;
- Single family elevation (for homes in flood plains);
- Single family relocation from floodplains or identified environmental hazards;
- Multifamily repairs;
- Multifamily rehabilitation;
- Multifamily replacement;
- New multifamily construction to replace damaged or destroyed multifamily housing stock.

COGs and local units of government are encouraged to work with the faith based community to develop additional programs provided they conform to HUD's CDBG disaster program requirements.

Only units of local government that had been recommended by their COGs to receive $10,000,000 or more in housing program funds and that can demonstrate that they possess the necessary capacity, may opt out of the state-run program and, as subrecipients, administer their own programs locally.

Locally-run programs shall be required to present detailed information to the public they will serve regarding programs, eligibility criteria, populations to be served, and timetables, to take public comment, and to address that public comment in any submission of their proposals to the Department.

Locally-run programs which do not meet the Department's established benchmarks for performance or other contract terms may be terminated, with program funds transferred to the State-managed Texas Housing Assistance Program.

Texas Housing Assistance Program

Many local governments have indicated that they have exceeded their capacity to manage complex housing programs, while still having significant casework, outreach, and intake process capabilities. These communities will have the option to participate in the Texas Housing Assistance Program.

The entire menu of housing program options would be available via a state-run program with the following primary features:

- A primary contractor will be procured to run the overall program, following state procurement rules and processes;
- Units of local government will be engaged, and given administrative funds, to provide the local outreach and intake process;
- All local programs will be monitored carefully for compliance with all applicable requirements and timely achievement of benchmarks; parties failing to meet these criteria will be subject to having their funds administered by the state-run program; and
- Housing assistance will be structured to encourage assistance to extremely low, very low, and low income recipients.

All housing program benefits will be administered throughout the disaster-impacted regions on a uniform basis, regardless of whether they are administered under the state-run program or a locally run program. Therefore, public input as to the needed scope of these benefits is specifically solicited.

All housing recipients under the first allocation and proposed recipient populations under the second allocation will be analyzed to ensure that the entire $3 billion is administered and expended in a manner that meets all of the CDBG supplemental criteria, including serving at least 51% of recipients who fall in the category of low or moderate income ("LMI").

Affordable Rental Housing Recovery Program

The federal law appropriating these funds requires that no less that 10.6% of a state's allocation be used for the replacement of affordable rental housing stock. Accordingly, TDHCA will utilize not less than $179 million from the total housing funds available to restore multifamily and single family affordable rental housing. In populated coastal areas, single family rental stock was especially damaged, displacing lower-income persons and weakening the local workforce. The Department proposes to dedicate at least $40,000,000 in this program to address affordable single family rental stock recovery. The Department also proposes to provide no less than $50,000,000 for public housing or Housing Choice Voucher eligible units. The balance of the funds shall be used for multifamily rehabilitation and new construction, potentially in conjunction with other housing finance tools available through TDHCA or local Housing Finance Agencies. All funds shall be awarded through a competitive notice of funds availability.

Texas Title Clearance and Legal Assistance Program

During recovery efforts associated with Hurricane Rita, it was discovered that many low-income Texans who owned their homes lacked clear title to their property. Failure to have clear title puts those living in a home at risk, and may impair their ability to obtain assistance under federally funded disaster recovery programs and access financing secured by their home. It also places the State at risk of having to reimburse expenses to the federal government in certain specific instances. To address this issue, TDHCA has proposed to set aside up to $500,000 to provide the necessary legal assistance to clear title and to address other legal issues that may make it difficult for low-income persons to access the housing programs. TDHCA intends to partner with the University of Texas Law School, legal services providers, and members of the bar in the region to enable housing benefit recipients that need to clear title issues on their property, obtain clear title, and ultimately enable them to recognize the full benefits of homeownership.

Texas Rapid Housing Recovery Demonstration

TDHCA has set-aside $6 million to construct no fewer than 60 houses through a Texas Housing Recovery Demonstration Initiative. During the most recent session, the Texas Legislature passed House Bill 2450 to create a Natural Disaster Reconstruction Demonstration Initiative. Under this initiative, the Department is directed to create an advisory committee to evaluate and design alternative models to improve the sustainability, affordability, desirability, and quality of housing rebuilt following a natural disaster, among other responsibilities. Under this initiative, TDHCA and the advisory committee shall invite the submission of rapid housing approaches for review. The advisory committee and TDHCA shall develop three housing approaches which are appropriate for demonstration, and which meet the goals of speed, quality of the home, the home's ability to be quickly replicated, and provide casework for individuals and families who are the intended recipients to ensure they meet eligibility criteria. The advisory committee's review process shall be open to the public and innovative housing solutions will be encouraged.

TDHCA will use the funds set-aside for this program to assist persons displaced by both Hurricanes Ike and Dolly. Three (3) Texas Housing Recovery Demonstration Initiative projects shall be undertaken. Each award will be for up to $2,000,000, and two awards shall be made in the Hurricane Ike impacted area, and one award shall be made in the Hurricane Dolly impacted area. To be eligible for an award under this program, the Department shall require that the demonstration be sponsored by an eligible county or city government. These local jurisdictions shall be the grant recipient, and shall be required to consult with neighborhood organizations and persons who are the intended beneficiaries of this housing program in the implementation of their pilot program.

In the event that a region cannot utilize their set aside of housing funds such funds will be reallocated for use to support the Recovery Enhancement Pilot Project Program or other non housing activities.

Non-housing activities shall be undertaken in accordance with ORCA requirements with priority given to the projects meeting the LMI national objective. This objective will be incorporated into regional MOD process and application guidelines for specific activity competitions.

Distribution of funds for general non-housing activities, not specified below, will be determined by the four locally adopted regional MODs (H-GAC, SETRPC, LRGVDC and DETCOG). Regions participating in the funding pool will submit applications for general non-housing projects to ORCA based upon application guidelines developed by the agency.

All activity specific non-housing funds shall be awarded by competitive processes administered by ORCA. In the event that general or activity specific non-housing fund set asides cannot be utilized, such funds may be reallocated to other non-housing or housing activities. Applications for the generator, healthcare facilities and economic development programs described below will be submitted to ORCA with entities from the four highly impacted regions drawing on funds set aside within each category. Other regions' projects shall draw from pooled funds similarly identified for these activity categories. Selection of sites and types of projects for the Recovery Enhancement Pilot Project Program will be handled in a pre-application process administered by ORCA.

a. The Generator Program arose from the large percentage of communities proposing such projects due long term power outages that impacted health and safety and experience gained from the quick start generator initiative in round one. These funds will provide generators for critical infrastructure that was physically damaged or failed to function as designed. This process will allow ORCA to maximize funding through bulk purchasing of equipment meeting standardized specifications. In addition projects meeting certain criteria may benefit from expedited environmental review processes. First priority will be given to water and sewer activities with second priority for sheltering and all other eligible facilities.

b. The Economic Development Revolving Loan Fund will provide awards to qualified local revolving loan fund providers (up to 10 awards) that will identify service areas for business loans that promote job creation or retention. The balance of the funds will be managed by ORCA and be made available for businesses not covered in the service areas of the qualified local revolving loan funds. All program income generated will be returned to the state after six years.

c. The Healthcare Facilities Program will provide improvements, disaster hardening, and generators for healthcare facilities that were physically damaged or failed to function as designed. Maximum award per facility of $2.5 million.

d. The Recovery Enhancement Pilot Project Program will fund 3-5 projects that meet criteria, to be established by HUD, for eligibility under their Disaster Enhancement Fund initiative. This pilot program is intended to leverage current disaster recovery funds and develop new and more effective approaches to community recovery. The resulting projects should afford a higher level of hazard protection, community amenity and quality of life to promote both the recovery and future growth of the community at large.

Public Participation and Public Comment

Considerable public involvement has occurred with implementation of the first round of funds. The original Action Plan received comments from five public meetings. HNTB provided technical assistance by meeting with 149 communities during their assessment process and holding an additional 14 regional meetings, within the 29-county Hurricane Ike impact area to discuss outcomes of their efforts. The regionally developed MODs also required a minimum of two public hearings. Additionally many counties and municipalities either held hearings or addressed selection of recovery projects in public meetings.

This proposed amendment to the Action Plan was posted on the agencies web site for review. Announcement of its availability was made at weekly ORCA webinars held for stakeholders in the process as well as on ORCA's "Dashboard" website available to applicants. Public hearings were held in accordance with standards laid out in the original Action Plan. These hearings were advertised locally and held as follows:

Public Hearing 1	Public Hearing 2	Public Hearing 3	Public Hearing 4	Public Hearing 5
Weslaco	**Galveston**	**Houston**	**Beaumont**	**Trinity County (Groveton)**
August 13, 2009 9:00 a.m. – 11:00 a.m.	August 18, 2009 6:00 p.m. – 8:00 p.m.	August 19, 2009 10:00 a.m. – 12:00 noon	August 31, 2009 2:00 p.m. – 4:00 p.m.	September 1, 2009 10:00 a.m. – 12:00 noon
Texas AgriLife Research Center Auditorium Room 102 2415 East Hwy 83, Weslaco, TX 78596	Galveston County Commissioners Courtroom 722 Moody (1st floor) Galveston, TX 77550	Houston City Hall Annex Public Level Chamber 900 Bagby Houston, Texas 77002	Southeast Texas Regional Planning Commission Homer E. Nagel Meeting Room 2210 Eastex Freeway Beaumont, TX 77703	Trinity County Commissioners Courtroom 219 West First Street, Groveton, TX 75845

*Dates and locations have not been finalized

A summary of these public hearings and comments received is found in appendix F-2. Development of regional MODs for round two funding will follow citizen participation guidelines similar to those utilized during round one.

Appendix A-2 Disaster Recovery Eligible Counties

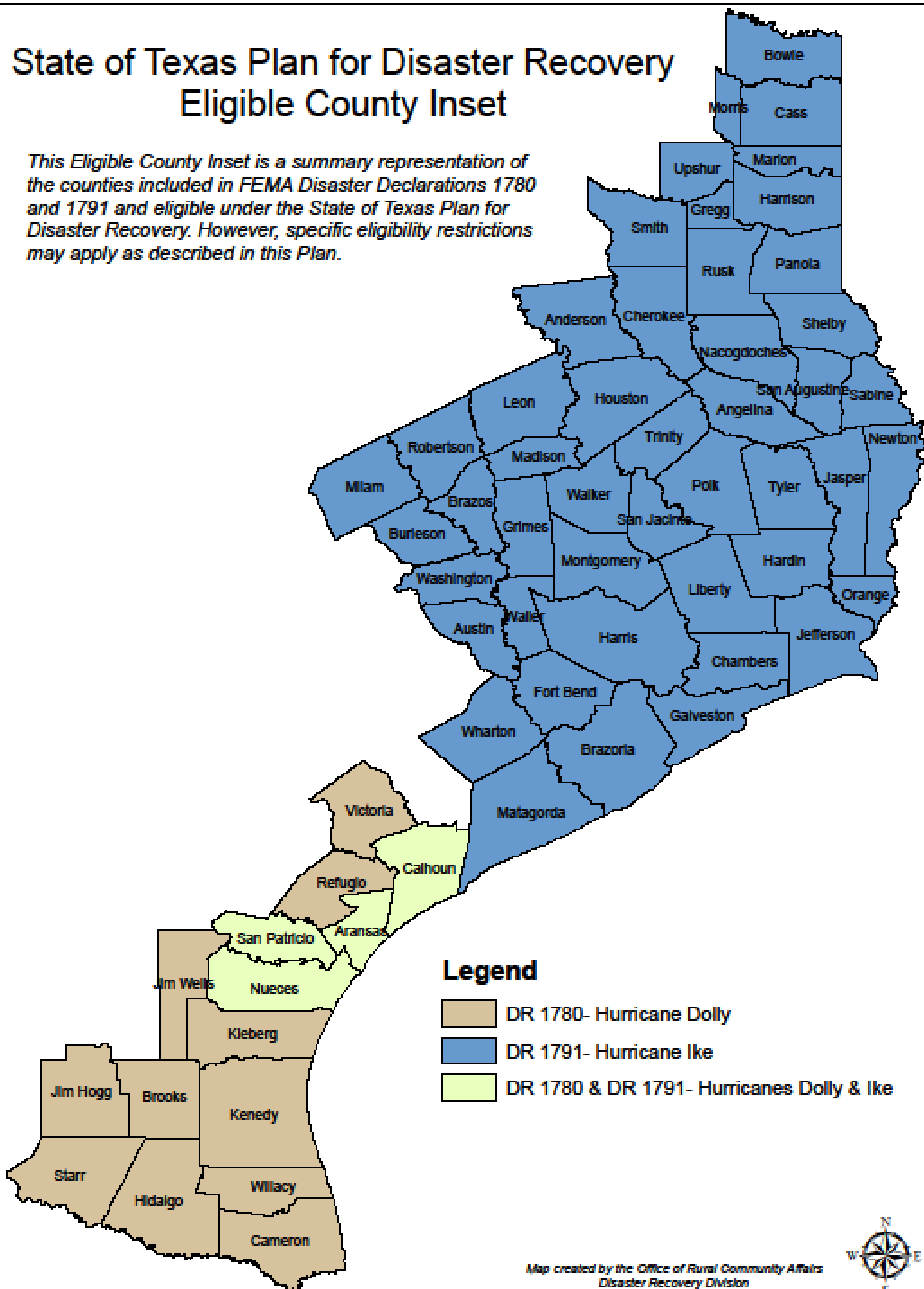
1. List of Eligible Counties
2. Map of Eligible Counties

ELIGIBLE COUNTIES:
Hurricane Dolly (FEMA-1780-DR) and Hurricane Ike (FEMA-1791-DR)

Anderson
Angelina
Aransas
Austin
Bowie
Brazoria
Brazos
Brooks
Burleson
Calhoun
Cameron
Cass
Chambers
Cherokee
Fort Bend
Galveston
Gregg
Grimes
Hardin
Harris
Harrison
Hidalgo
Houston
Jasper
Jefferson
Jim Hogg
Jim Wells
Kenedy
Kleberg
Leon
Liberty
Madison
Marion
Matagorda
Milam
Montgomery
Morris
Nacogdoches
Newton
Nueces
Orange
Panola
Polk
Refugio
Robertson
Rusk
Sabine
San Augustine
San Jacinto
San Patricio
Shelby
Smith
Starr
Trinity
Tyler
Upshur
Victoria
Walker
Waller
Washington
Wharton
Willacy

State of Texas Plan for Disaster Recovery
Eligible County Inset

This Eligible County Inset is a summary representation of the counties included in FEMA Disaster Declarations 1780 and 1791 and eligible under the State of Texas Plan for Disaster Recovery. However, specific eligibility restrictions may apply as described in this Plan.



Appendix B- 2 Ongoing elements of the Action Plan (adopted by reference)

Ongoing elements of the action plan
Public Input and Participation
Eligible Grantees
National Objectives
Program Objectives
Overview of Eligible Program Activities
Non-Housing
Economic Revitalization
Housing (Regionally Allocated and Administered)
Eligible Regionally Allocated Housing Programs
Eligible Sub recipient Grantees for Regionally Allocated Housing Programs
Sub recipient Grantee Minimum Housing Capacity Criteria
Housing (State Allocated and Administered)
TDHCA Administered Affordable Rental Housing Stock Restoration Program
Notice of Funding Availability (NOFA)
- General Information
- Application and Allocation Award Timeline
- Application Requirements

Match Requirement

Grant Administration
- Administration and Staffing
- Administrative Costs
- Action Plan Amendments
- Contract Term and Amendments
- Anti-displacement and Relocation
- Citizen Complaints
- Definitions

Regulatory Requirements
- Environmental Review
- Flood Buyouts

Monitoring
Procurement
Program Income

Appendix C-2 Impact of the Storms and Recovery Needs

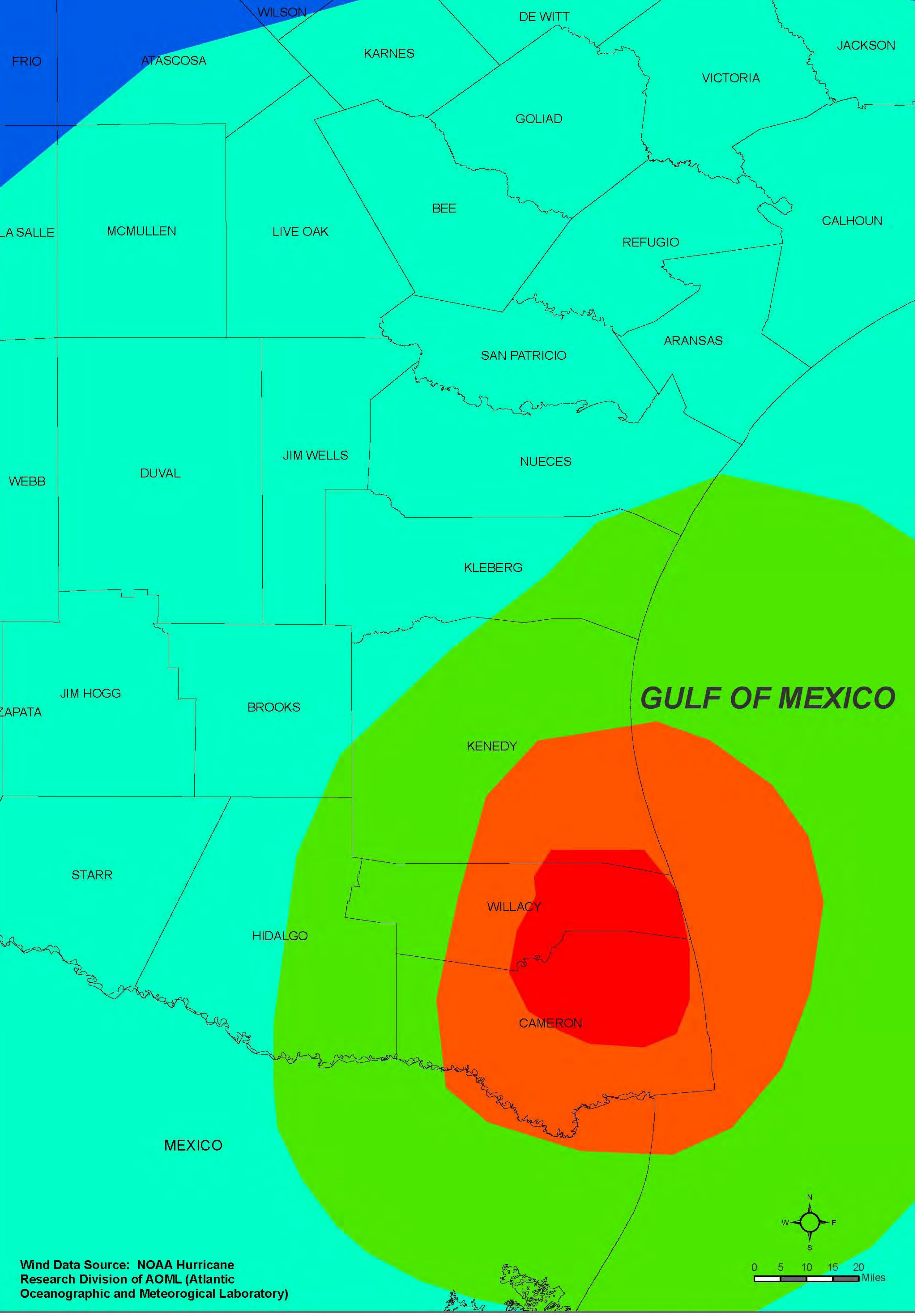
1. ORCA Storm impact model
    a. Combined Storm Impact
    b. Hurricane Ike Impact
    c. Hurricane Dolly Impact
2. Storm impact maps – Hurricane Dolly
3. Storm Impact Maps – Hurricane Ike

COMBINED IKE & DOLLY STORM IMPACT DISTRIBUTION						
COG	**Wind Speed Funds**	**Surge Damage Funds**	**Rainfall Day 1 Funds**	**Rainfall Day 2 Funds**	**Damage Factors / 3**	**Including Adjusted DF/IZ**
ATCOG	2.32%	0.00%	0.00%	0.83%	**1.05%**	**0.97%**
BVCOG	3.25%	0.00%	0.01%	5.22%	**2.83%**	**2.62%**
CBCOG	1.90%	0.00%	9.48%	0.54%	**3.98%**	**3.98%**
CTCOG	0.00%	0.00%	0.00%	0.01%	**0.00%**	**0.00%**
DETCOG	20.27%	0.12%	2.00%	8.77%	**10.39%**	**9.63%**
ETCOG	7.64%	0.00%	0.00%	2.82%	**3.49%**	**3.23%**
GCRPC	0.04%	0.00%	0.44%	0.00%	**0.16%**	**0.16%**
H-GAC	48.95%	65.16%	14.82%	24.29%	**51.07%**	**53.71%**
LRGVDC	3.32%	0.00%	18.62%	0.06%	**7.33%**	**7.33%**
STDC	0.00%	0.00%	3.11%	1.34%	**1.48%**	**1.48%**
SETRPC	12.31%	34.72%	4.05%	3.56%	**18.22%**	**16.88%**
Total	**100.00%**	**100.00%**	**52.55%**	**47.45%**	**100.00%**	**100.00%**

IKE Storm Impact Distribution							**87.06%**
	County Name	**Wind Speed Funds**	**Surge Damage Funds**	**Rainfall Day 1 Funds**	**Rainfall Day 2 Funds**	**Damage Factors / 3**	**Adjusted DF**
ATCOG	BOWIE	1.13%	0.00%	0.00%	0.35%	**0.49%**	**0.46%**
	CASS	0.83%	0.00%	0.00%	0.38%	**0.40%**	**0.37%**
	MORRIS	0.36%	0.00%	0.00%	0.10%	**0.15%**	**0.14%**
BVCOG	BRAZOS	0.14%	0.00%	0.00%	0.57%	**0.24%**	**0.22%**
	BURLESON	0.00%	0.00%	0.00%	0.42%	**0.14%**	**0.13%**
	GRIMES	1.12%	0.00%	0.01%	1.43%	**0.85%**	**0.79%**
	LEON	1.19%	0.00%	0.00%	0.85%	**0.68%**	**0.63%**
	MADISON	0.63%	0.00%	0.00%	0.83%	**0.49%**	**0.45%**
	ROBERTSON	0.00%	0.00%	0.00%	0.34%	**0.11%**	**0.11%**
	WASHINGTON	0.17%	0.00%	0.00%	0.77%	**0.31%**	**0.29%**
CBCOG	ARANSAS	0.00%	0.00%	0.00%	0.00%	**0.00%**	**0.00%**
	NUECES	0.00%	0.00%	0.00%	0.00%	**0.00%**	**0.00%**
	SAN PATRICIO	0.00%	0.00%	0.00%	0.00%	**0.00%**	**0.00%**
CTCOG	MILAM	0.00%	0.00%	0.00%	0.01%	**0.00%**	**0.00%**
DETCOG	ANGELINA	1.41%	0.00%	0.00%	0.36%	**0.59%**	**0.55%**
	HOUSTON	1.78%	0.00%	0.00%	0.62%	**0.80%**	**0.74%**
	JASPER	1.37%	0.00%	0.71%	1.37%	**1.15%**	**1.07%**
	NACOGDOCHES	1.38%	0.00%	0.00%	0.42%	**0.60%**	**0.56%**
	NEWTON	1.06%	0.12%	0.63%	0.64%	**0.82%**	**0.76%**
	POLK	5.72%	0.00%	0.17%	1.40%	**2.43%**	**2.25%**
	SABINE	0.20%	0.00%	0.00%	0.24%	**0.15%**	**0.14%**
	SAN AUGUSTINE	0.72%	0.00%	0.00%	0.25%	**0.32%**	**0.30%**
	SAN JACINTO	2.81%	0.00%	0.21%	1.99%	**1.67%**	**1.55%**
	SHELBY	0.27%	0.00%	0.00%	0.34%	**0.20%**	**0.19%**
	TRINITY	1.71%	0.00%	0.00%	0.35%	**0.69%**	**0.64%**
	TYLER	1.83%	0.00%	0.28%	0.80%	**0.97%**	**0.90%**
ETCOG	ANDERSON	1.48%	0.00%	0.00%	0.41%	**0.63%**	**0.59%**
	CHEROKEE	1.46%	0.00%	0.00%	0.44%	**0.63%**	**0.59%**
	GREGG	0.40%	0.00%	0.00%	0.12%	**0.17%**	**0.16%**
	HARRISON	0.48%	0.00%	0.00%	0.37%	**0.29%**	**0.26%**
	MARION	0.30%	0.00%	0.00%	0.17%	**0.16%**	**0.15%**
	PANOLA	0.20%	0.00%	0.00%	0.32%	**0.18%**	**0.16%**
	RUSK	1.29%	0.00%	0.00%	0.39%	**0.56%**	**0.52%**

	SMITH	1.19%	0.00%	0.00%	0.35%	**0.52%**	**0.48%**
	UPSHUR	0.83%	0.00%	0.00%	0.24%	**0.36%**	**0.33%**
GCRPC	CALHOUN	0.04%	0.00%	0.00%	0.00%	**0.01%**	**0.01%**
H-GAC	AUSTIN	0.38%	0.00%	0.01%	0.69%	**0.36%**	**0.33%**
	BRAZORIA	6.85%	7.41%	4.12%	0.21%	**6.19%**	**5.88%**
	CHAMBERS	6.58%	29.19%	1.75%	0.51%	**12.68%**	**12.51%**
	FORT BEND	2.21%	0.00%	0.91%	1.20%	**1.44%**	**1.34%**
	GALVESTON	3.14%	17.08%	2.13%	0.18%	**7.51%**	**12.43%**
	HARRIS	10.22%	9.69%	3.68%	9.14%	**10.91%**	**10.11%**
	LIBERTY	10.29%	1.73%	1.42%	4.58%	**6.01%**	**5.57%**
	MATAGORDA	1.64%	0.05%	0.07%	0.00%	**0.59%**	**0.55%**
	MONTGOMERY	4.84%	0.00%	0.60%	4.47%	**3.30%**	**3.06%**
	WALKER	1.15%	0.00%	0.02%	1.39%	**0.85%**	**0.79%**
	WALLER	0.71%	0.00%	0.07%	1.53%	**0.77%**	**0.71%**
	WHARTON	0.92%	0.00%	0.05%	0.40%	**0.46%**	**0.42%**
SETRPC	HARDIN	4.05%	0.00%	1.19%	1.67%	**2.30%**	**2.13%**
	JEFFERSON	7.44%	28.08%	2.20%	1.35%	**13.03%**	**12.07%**
	ORANGE	0.82%	6.64%	0.66%	0.54%	**2.89%**	**2.68%**

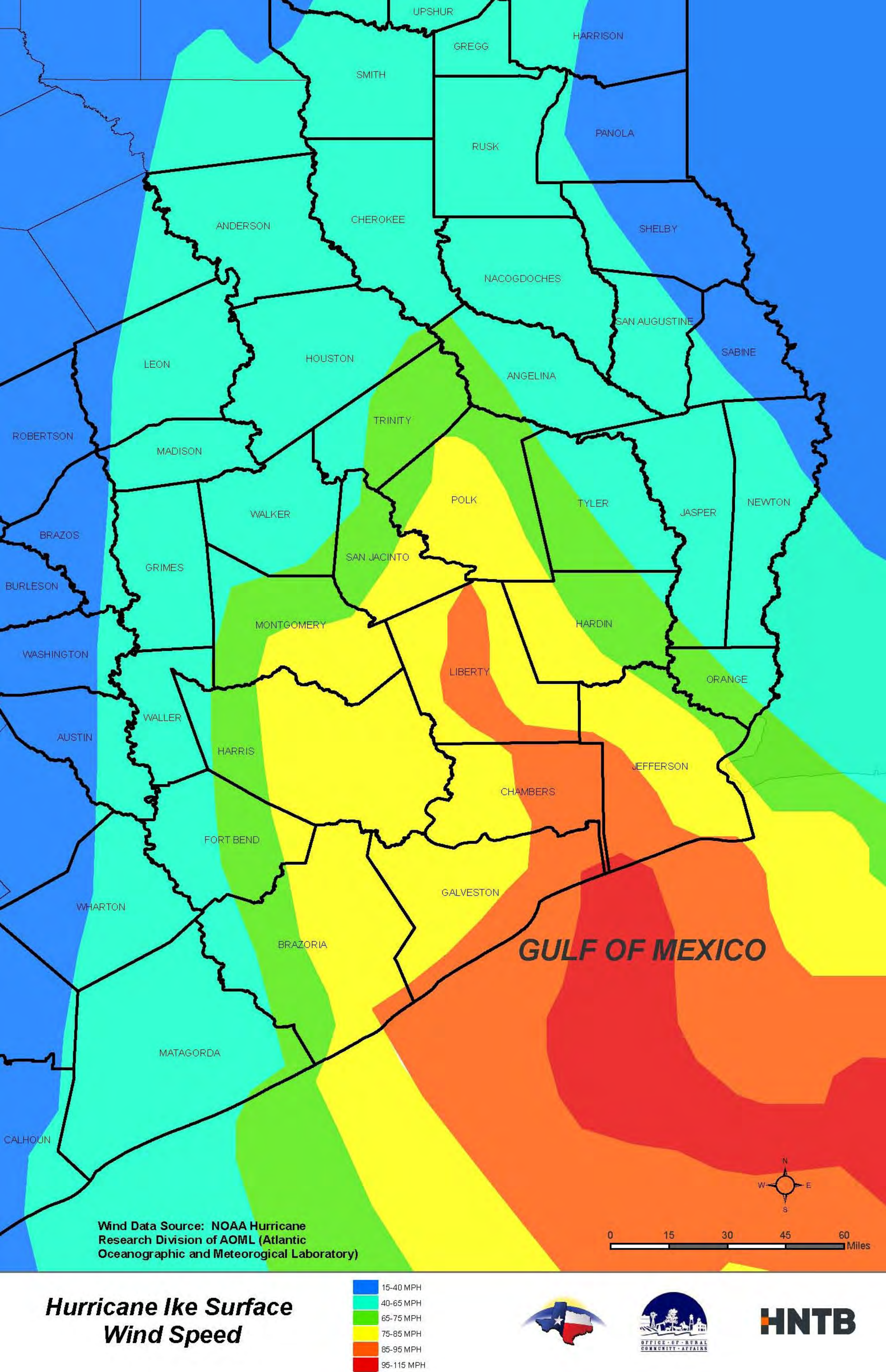
DOLLY Storm Impact Distribution						**12.94%**
	County Name	**Wind Speed Funds**	**Surge Damage Funds**	**Rainfall Day 1 Funds**	**Rainfall Day 2 Funds**	**Damage Factors / 3**
CBCOG	ARANSAS	0.00%	0.00%	0.16%	0.00%	**0.05%**
	BEE	0.00%	0.00%	0.01%	0.00%	**0.00%**
	BROOKS	0.03%	0.00%	2.01%	0.28%	**0.78%**
	DUVAL	0.00%	0.00%	0.01%	0.00%	**0.00%**
	JIM WELLS	0.00%	0.00%	0.88%	0.09%	**0.32%**
	KENEDY	1.74%	0.00%	1.57%	0.02%	**1.11%**
	KLEBERG	0.13%	0.00%	2.21%	0.04%	**0.79%**
	LIVE OAK	0.00%	0.00%	0.00%	0.00%	**0.00%**
	NUECES	0.00%	0.00%	1.46%	0.07%	**0.51%**
	REFUGIO	0.00%	0.00%	0.16%	0.00%	**0.05%**
	SAN PATRICIO	0.00%	0.00%	1.02%	0.03%	**0.35%**
GCRPC	CALHOUN	0.00%	0.00%	0.15%	0.00%	**0.05%**
	GOLIAD	0.00%	0.00%	0.00%	0.00%	**0.00%**
	JACKSON	0.00%	0.00%	0.01%	0.00%	**0.00%**
	VICTORIA	0.00%	0.00%	0.29%	0.00%	**0.10%**
H-GAC	MATAGORDA	0.00%	0.00%	0.00%	0.00%	**0.00%**
LRGVDC	CAMERON	1.53%	0.00%	8.32%	0.00%	**3.28%**
	HIDALGO	0.90%	0.00%	8.25%	0.06%	**3.07%**
	WILLACY	0.90%	0.00%	2.06%	0.00%	**0.99%**
STDC	JIM HOGG	0.00%	0.00%	1.15%	0.67%	**0.61%**
	STARR	0.00%	0.00%	1.96%	0.68%	**0.88%**



Hurricane Dolly Surface Wind Speed

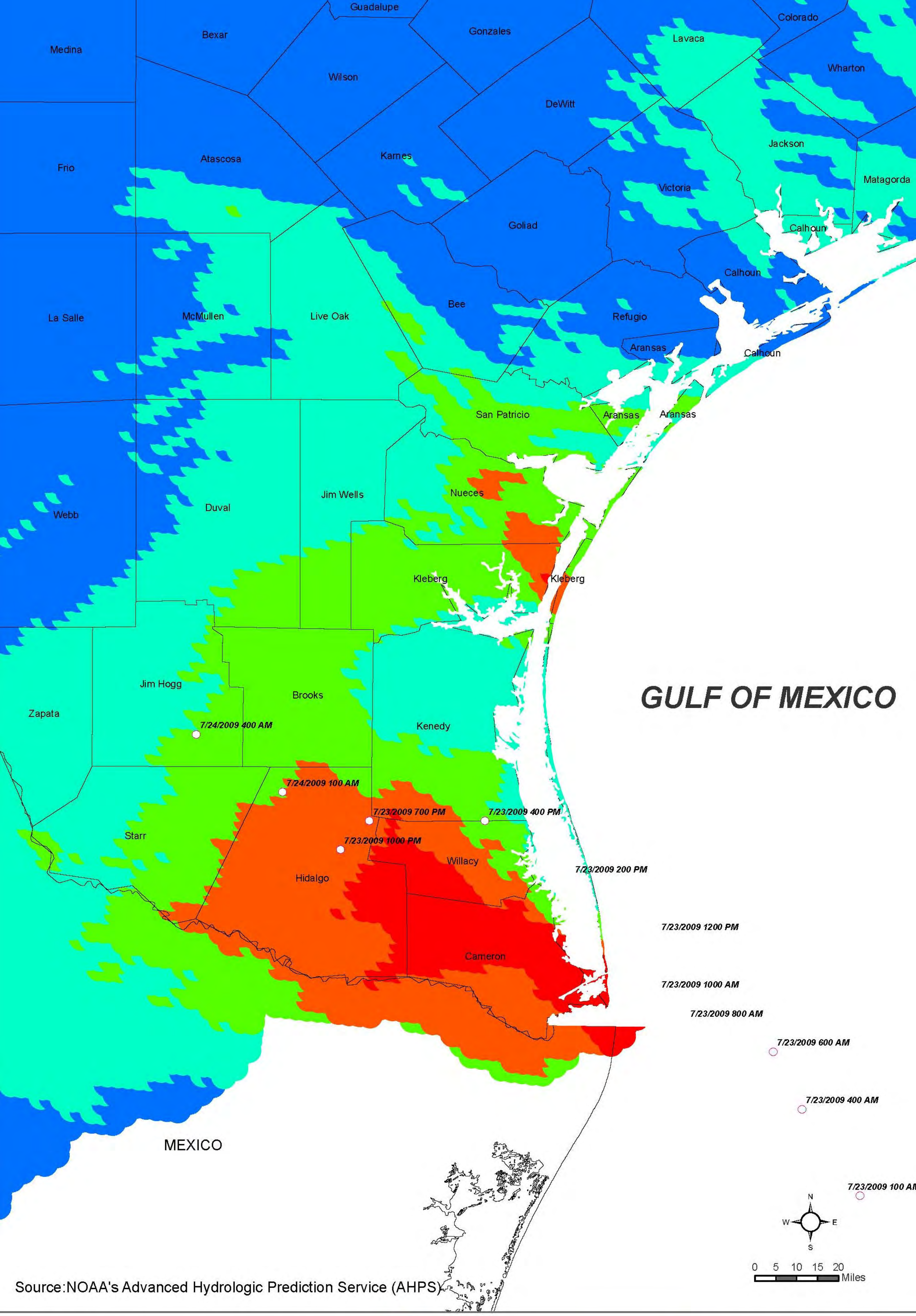
70 to 85 MPH
55 to 70 MPH
40 to 55 MPH
20 to 40 MPH
5 to 20 MPH

HNTB



Hurricane Ike Surface Wind Speed

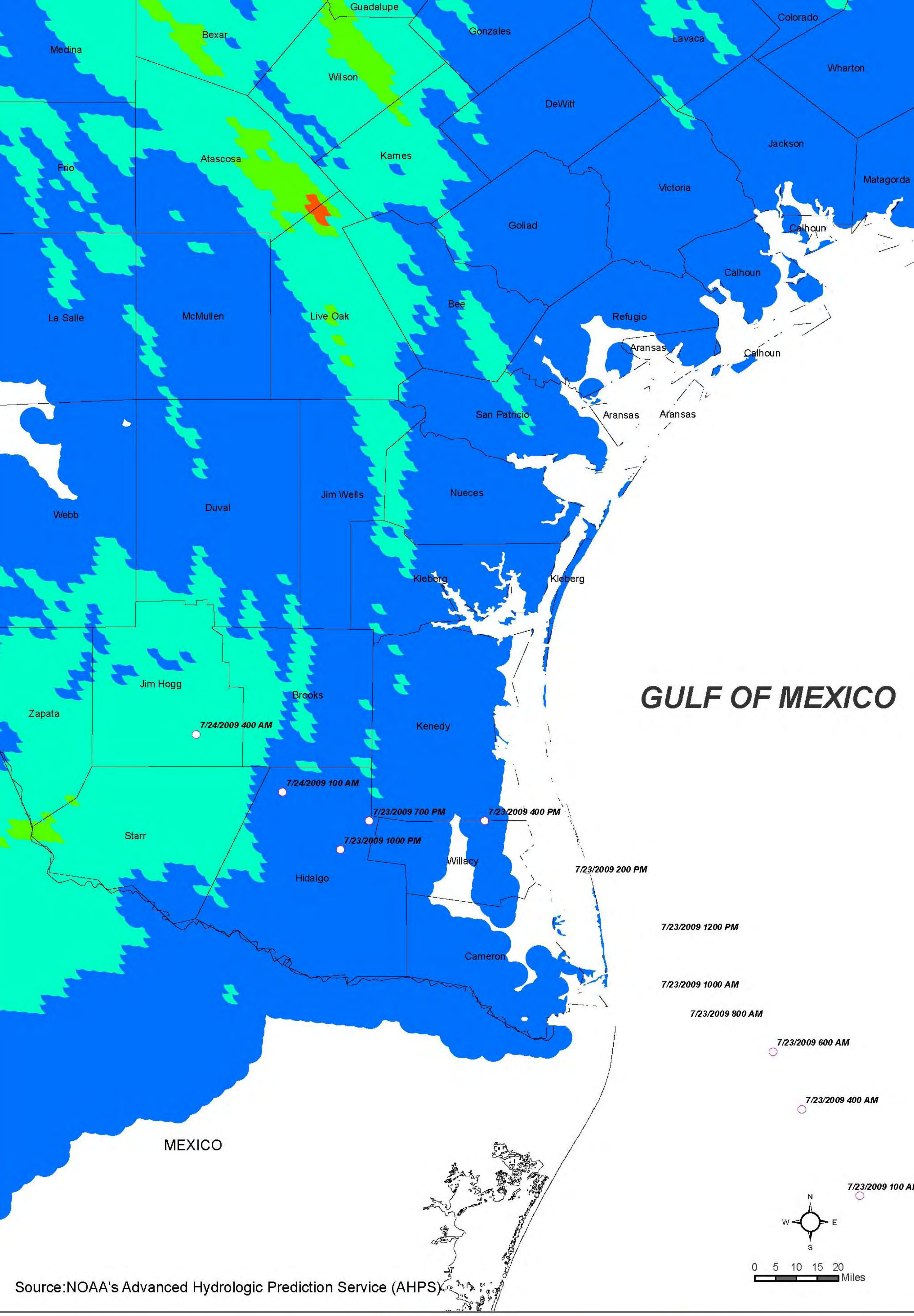
HNTB



Hurricane Dolly
Total 24 Hour Rainfall
July 24. 2008 - Day 1

Less than 1 inch
1-3 inches
3-5 inches
5-8 inches
8-13 inches

HNTB



Hurricane Dolly
Total 24 Hour Rainfall
July 25. 2008 - Day 2

Less than 1 inch
1-3 inches
3-5 inches
5-8 inches
8-13 inches

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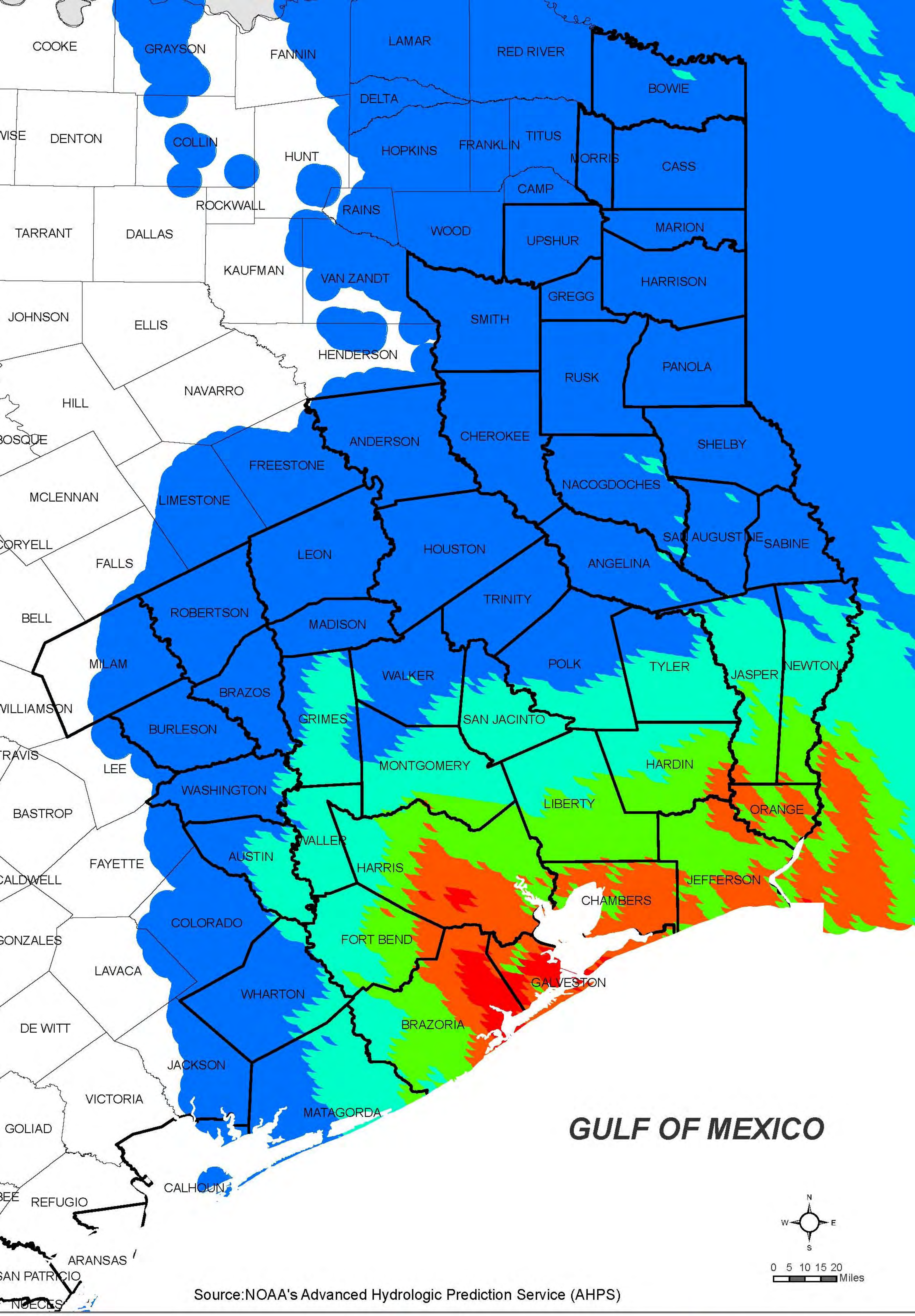
HNTB



Hurricane Ike
Total 24 Hour Rainfall

September 13, 2008 - Day 1

- Less than 1 inch
- 1-3 inches
- 3-5 inches
- 5-8 inches
- 8-13 inches

HNTB

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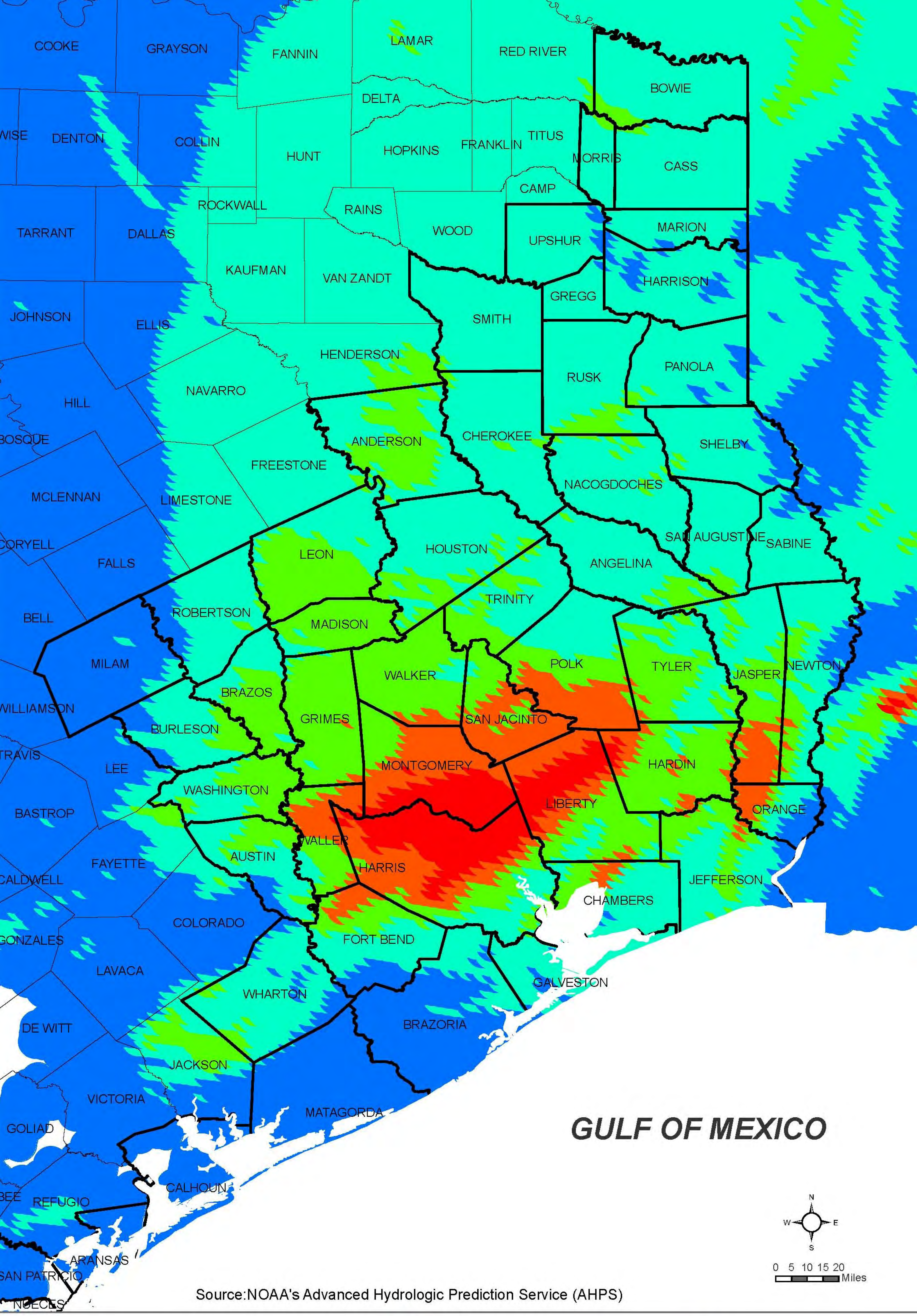
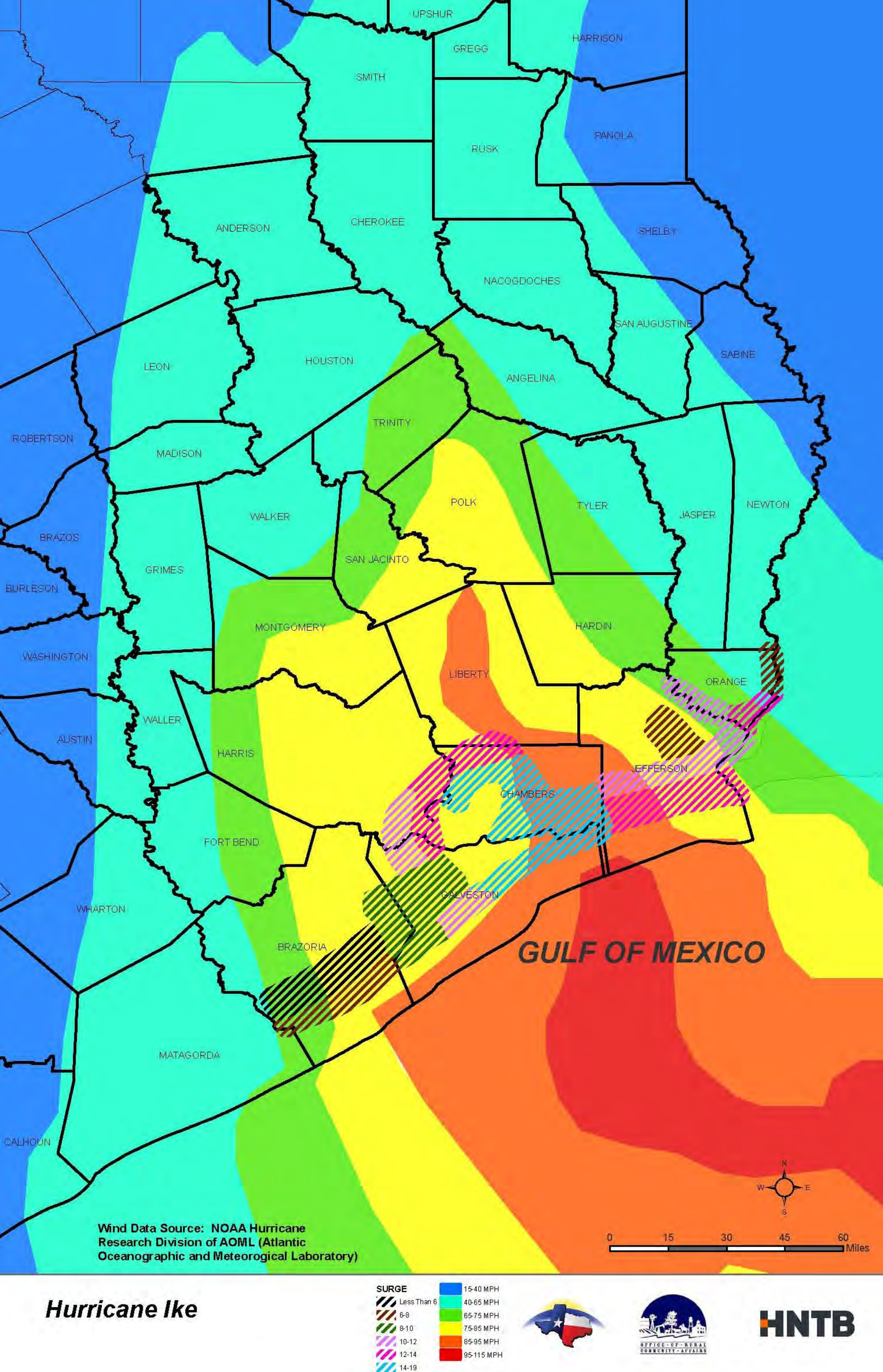


Hurricane Ike
Total 24 Hour Rainfall

September 14, 2008 - Day 2

Less than 1 inch
1-3 inches
3-5 inches
5-8 inches
8-13 inches

HNTB



Hurricane Ike

Appendix D-2   Round 1 Method of Distribution

Allocation of Funds by Region

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
ATCOG	Bowie	Bowie County	0.00	635,713.00	$0	$0	635,713.00
ATCOG	Cass	Cass County	0.00	370,180.00	$0	$0	370,180.00
ATCOG	Morris	Morris County	0.00	158,780.00	$0	$0	158,780.00
ATCOG	**ATCOG Total**	**ATCOG Total**	**0.00**	**1,164,673.00**	**$0**	**$0**	**1,164,673.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
BVCOG	Brazos	Wickson Creek S.U.D. Power	0.00	214,830.00	$0	$0	214,830.00
BVCOG	Burleson	Burleson CO Hospital District	0.00	253,188.00	$0	$0	253,188.00
BVCOG	Burleson	Caldwell	0.00	377,410.00	$0	$0	377,410.00
BVCOG	Burleson	Somerville	0.00	193,702.00	$0	$0	193,702.00
BVCOG	Burleson	Deanville Water Supply Corp	0.00	249,806.00	$0	$0	249,806.00
BVCOG	Burleson	Tunis Water Supply Corp	0.00	117,150.00	$0	$0	117,150.00
BVCOG	Burleson	Cade Lakes Water Suppy Corp	0.00	62,700.00	$0	$0	62,700.00
BVCOG	Burleson	Lyons Water Supply Corp	0.00	122,650.00	$0	$0	122,650.00
BVCOG	Burleson	Burleson County	0.00	249,898.00	$0	$0	249,898.00
BVCOG	Burleson	Clay Water Supply Corp	0.00	111,650.00	$0	$0	111,650.00
BVCOG	Grimes	Grimes County	0.00	397,887.00	$0	$0	397,887.00
BVCOG	Grimes	Navasota	0.00	407,033.00	$0	$0	407,033.00
BVCOG	Grimes	Dobbin-Plantersville MUD	0.00	128,150.00	$0	$0	128,150.00
BVCOG	Grimes	G & W Water Supply Corp	0.00	65,450.00	$0	$0	65,450.00
BVCOG	Grimes	Bedias	0.00	122,650.00	$0	$0	122,650.00
BVCOG	Grimes	B & J Water Company, Inc	0.00	106,105.00	$0	$0	106,105.00
BVCOG	Grimes	Iola Water Company	0.00	100,650.00	$0	$0	100,650.00
BVCOG	Grimes	Iola	0.00	172,700.00	$0	$0	172,700.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
BVCOG	Grimes	Anderson	0.00	100,650.00	$0	$0	100,650.00
BVCOG	Grimes	Anderson Water Company	0.00	122,650.00	$0	$0	122,650.00
BVCOG	Grimes	Grimes County M.U.D. #1	0.00	118,800.00	$0	$0	118,800.00
BVCOG	Grimes	Grimes County	0.00	281,114.00	$0	$0	281,114.00
BVCOG	Leon	Leon County	0.00	98,670.00	$0	$0	98,670.00
BVCOG	Leon	Concord Robbins Water Corp	0.00	131,120.00	$0	$0	131,120.00
BVCOG	Leon	Buffalo	0.00	209,000.00	$0	$0	209,000.00
BVCOG	Leon	Southeast Water Supply Corp	0.00	98,670.00	$0	$0	98,670.00
BVCOG	Leon	Centerville	0.00	95,150.00	$0	$0	95,150.00
BVCOG	Leon	Jewett	0.00	91,850.00	$0	$0	91,850.00
BVCOG	Leon	Flo Comm Water Supply Corp	0.00	157,300.00	$0	$0	157,300.00
BVCOG	Leon	Normangee	0.00	98,670.00	$0	$0	98,670.00
BVCOG	Leon	Oakwood	0.00	166,650.00	$0	$0	166,650.00
BVCOG	Leon	St. Paul Shiloh Timesville Water Supply Corp	0.00	158,620.00	$0	$0	158,620.00
BVCOG	Leon	Marquez	0.00	59,400.00	$0	$0	59,400.00
BVCOG	Madison	Madison County	0.00	251,618.00	$0	$0	251,618.00
BVCOG	Madison	Madison St. Joseph Health Center Center	0.00	148,612.00	$0	$0	148,612.00
BVCOG	Madison	Madisonville	0.00	416,837.00	$0	$0	416,837.00
BVCOG	Madison	North Zulch Municipal	0.00	110,000.00	$0	$0	110,000.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
		Utility District					
BVCOG	Madison	Midway	0.00	62,700.00	$0	$0	62,700.00
BVCOG	Robertson	Hearne	0.00	168,960.00	$0	$0	168,960.00
BVCOG	Robertson	Calvert	0.00	147,400.00	$0	$0	147,400.00
BVCOG	Robertson	Franklin	0.00	134,750.00	$0	$0	134,750.00
BVCOG	Robertson	Bremond	0.00	192,830.00	$0	$0	192,830.00
BVCOG	Robertson	Brazos Vally Spectic & Water, INC	0.00	70,400.00	$0	$0	70,400.00
BVCOG	Robertson	Robertson County	0.00	108,383.00	$0	$0	108,383.00
BVCOG	Washington	Washington County	0.00	259,023.00	$0	$0	259,023.00
BVCOG	Washington	Brenham	0.00	489,799.00	$0	$0	489,799.00
BVCOG	BVAHC	BVAHC	948,929.00	0.00	$0	$0	948,929.00
BVCOG	**BVCOG Regional Total**	**BVCOG Regional Total**	**948,929.00**	**8,003,235.00**	**$0**	**$0**	**8,952,164.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
CBCOG	Aransas	Fulton	0.00	155,403.00	$0	$0	155,403.00
CBCOG	Brooks	Brooks County	0.00	75,000.00	$0	$0	75,000.00
CBCOG	Jim Wells	Jim Wells County	0.00	71,250.00	$0	$0	71,250.00
CBCOG	Jim Wells	Premont	0.00	126,020.00	$0	$0	126,020.00
CBCOG	Jim Wells	Alice	0.00	55,000.00	$0	$0	55,000.00
CBCOG	Kleberg	Kleberg County Competitive	0.00	185,117.00	$0	$0	185,117.00
CBCOG	Nueces	Nueces County	0.00	219,434.00	$0	$0	219,434.00
CBCOG	Nueces	Bishop	0.00	737.00	$0	$0	737.00
CBCOG	Nueces	Corpus Christi	0.00	1,676,179.00	$0	$0	1,676,179.00
CBCOG	Nueces	Port Aransas	0.00	57,346.00	$0	$0	57,346.00
CBCOG	Nueces	Robstown	0.00	2,657.00	$0	$0	2,657.00
CBCOG	Refugio	Refugio County Competitive	0.00	75,000.00	$0	$0	75,000.00
CBCOG	San Patricio	Aransas Pass	0.00	311,234.00	$0	$0	311,234.00
CBCOG	San Patricio	Ingleside-on-the-Bay	0.00	111,000.00	$0	$0	111,000.00
CBCOG	San Patricio	San Patricio County	0.00	422,234.00	$0	$0	422,234.00
CBCOG	Kennedy	Kennedy County	0.00	0.00	$0	$0	0.00
CBCOG	**CBCOG Regional Total**	**CBCOG Regional Total**	**0.00**	**3,121,376.00**	**$0**	**$0**	**3,121,376.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
CTCOG	Milam	Milam County	0.00	250,000.00	$0	$0	250,000.00
CTCOG	**CTCOG Regional Total**	**CTCOG Regional Total**	**0.00**	**250,000.00**	**$0**	**$0**	**250,000.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
DETCOG	Angelina	Angelina County	0.00	1,356,384.00	$0	$5,000,000	6,356,384.00
DETCOG	Angelina	Lufkin	0.00	1,314,201.00	$0	$0	1,314,201.00
DETCOG	Angelina	Burke	0.00	12,170.00	$0	$0	12,170.00
DETCOG	Angelina	Diboll	0.00	228,682.00	$0	$0	228,682.00
DETCOG	Angelina	Hudson	0.00	170,326.00	$0	$0	170,326.00
DETCOG	Angelina	Huntington	0.00	83,238.00	$0	$0	83,238.00
DETCOG	Angelina	Zavalla	0.00	25,621.00	$0	$0	25,621.00
DETCOG	Houston	Lovelady	0.00	66,479.00	$0	$0	66,479.00
DETCOG	Houston	Crockett	0.00	767,191.00	$0	$0	767,191.00
DETCOG	Houston	Grapeland	0.00	155,292.00	$0	$0	155,292.00
DETCOG	Houston	Kennard	0.00	33,292.00	$0	$0	33,292.00
DETCOG	Houston	Latexo	0.00	28,656.00	$0	$0	28,656.00
DETCOG	Houston	Houston County	0.00	1,350,749.00	$0	$0	1,350,749.00
DETCOG	Jasper	Browndell	0.00	43,369.00	$0	$0	43,369.00
DETCOG	Jasper	Jasper	0.00	1,461,424.00	$0	$0	1,461,424.00
DETCOG	Jasper	Kirbyville	0.00	403,827.00	$0	$0	403,827.00
DETCOG	Jasper	Jasper County	0.00	4,687,856.00	$0	$0	4,687,856.00
DETCOG	Nacogdoches	Appleby	0.00	19,079.00	$0	$0	19,079.00
DETCOG	Nacogdoches	Cushing	0.00	29,649.00	$0	$0	29,649.00
DETCOG	Nacogdoches	Nacogdoches County	0.00	1,204,385.00	$0	$5,000,000	6,204,385.00
DETCOG	Nacogdoches	Chireno	0.00	17,895.00	$0	$0	17,895.00
DETCOG	Nacogdoches	Garrison	0.00	36,623.00	$0	$0	36,623.00
DETCOG	Nacogdoches	Nacogdoches	0.00	1,404,736.00	$0	$0	1,404,736.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
DETCOG	Newton	Newton	0.00	406,651.00	$0	$0	406,651.00
DETCOG	Newton	Newton County	0.00	2,043,005.00	$0	$0	2,043,005.00
DETCOG	Polk	ACIR	0.00	76,256.00	$0	$0	76,256.00
DETCOG	Polk	Goodrich	0.00	50,329.00	$0	$0	50,329.00
DETCOG	Polk	Corrigan	0.00	355,164.00	$0	$0	355,164.00
DETCOG	Polk	Livingston	0.00	1,258,420.00	$0	$0	1,258,420.00
DETCOG	Polk	Onalaska	0.00	269,757.00	$0	$0	269,757.00
DETCOG	Polk	Seven Oaks	0.00	25,928.00	$0	$0	25,928.00
DETCOG	Polk	Polk County	0.00	6,775,758.00	$0	$0	6,775,758.00
DETCOG	Sabine	Hemphill	0.00	202,776.00	$0	$0	202,776.00
DETCOG	Sabine	Pineland	0.00	96,206.00	$0	$0	96,206.00
DETCOG	Sabine	Sabine County	0.00	783,631.00	$0	$0	783,631.00
DETCOG	San Augustine	Broaddus	0.00	57,474.00	$0	$0	57,474.00
DETCOG	San Augustine	San Augustine	0.00	785,463.00	$0	$0	785,463.00
DETCOG	San Augustine	San Augustine County	0.00	1,821,325.00	$0	$0	1,821,325.00
DETCOG	San Jacinto	Coldspring	0.00	405,938.00	$0	$0	405,938.00
DETCOG	San Jacinto	Point Blank	0.00	301,759.00	$0	$0	301,759.00
DETCOG	San Jacinto	Shepherd	0.00	1,104,653.00	$0	$0	1,104,653.00
DETCOG	San Jacinto	San Jacinto County	0.00	9,196,913.00	$0	$0	9,196,913.00
DETCOG	Shelby	Shelby County	0.00	500,939.00	$0	$0	500,939.00
DETCOG	Shelby	Center	0.00	177,276.00	$0	$0	177,276.00
DETCOG	Shelby	Huxley	0.00	9,285.00	$0	$0	9,285.00
DETCOG	Shelby	Joaquin	0.00	29,490.00	$0	$0	29,490.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
DETCOG	Shelby	Tenaha	0.00	30,920.00	$0	$0	30,920.00
DETCOG	Shelby	Timpson	0.00	33,033.00	$0	$0	33,033.00
DETCOG	Trinity	Groveton	0.00	199,636.00	$0	$0	199,636.00
DETCOG	Trinity	Trinity	0.00	513,350.00	$0	$0	513,350.00
DETCOG	Trinity	Trinity County	0.00	1,758,520.00	$0	$0	1,758,520.00
DETCOG	Tyler	Chester	0.00	117,582.00	$0	$0	117,582.00
DETCOG	Tyler	Colmesneil	0.00	302,355.00	$0	$0	302,355.00
DETCOG	Tyler	Woodville	0.00	1,064,598.00	$0	$0	1,064,598.00
DETCOG	Tyler	Tyler County	0.00	7,724,124.00	$0	$0	7,724,124.00
DETCOG	DETCOG	DETCOG	5,931,070.00	0.00	$689,292	$0	6,620,362.00
DETCOG TOTAL REGION	**DETCOG TOTAL REGION**	**DETCOG TOTAL REGION**	**5,931,070.00**	**53,379,638.00**	**$689,292**	**$10,000,000**	**70,000,000.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
ETCOG	Anderson	Anderson County	0.00	178,000.00	$0	$0	178,000.00
ETCOG	Anderson	Elkhart	0.00	267,995.00	$0	$0	267,995.00
ETCOG	Anderson	Anderson County	0.00	445,995.00	$0	$0	445,995.00
ETCOG	Cherokee	Cherokee County	0.00	1,258,228.00	$0	$0	1,258,228.00
ETCOG	Cherokee	Alto	0.00	500,000.00	$0	$0	500,000.00
ETCOG	Cherokee	Cuney	0.00	275,411.00	$0	$0	275,411.00
ETCOG	Cherokee	Jacksonville	0.00	363,055.00	$0	$0	363,055.00
ETCOG	Cherokee	New Summerfield	0.00	498,876.00	$0	$0	498,876.00
ETCOG	Cherokee	Wells	0.00	250,000.00	$0	$0	250,000.00
ETCOG	Cherokee	Cherokee County	218,570.00	3,145,570.00	$0	$0	3,364,140.00
ETCOG	Gregg	Gregg County	0.00	1,001,500.00	$0	$0	1,001,500.00
ETCOG	Gregg	Easton	0.00	121,348.00	$0	$0	121,348.00
ETCOG	Gregg	Gladewater	0.00	500,000.00	$0	$0	500,000.00
ETCOG	Gregg	Kilgore	0.00	249,300.00	$0	$0	249,300.00
ETCOG	Gregg	Lakeport	0.00	196,348.00	$0	$0	196,348.00
ETCOG	Gregg	Longview	0.00	428,000.00	$0	$0	428,000.00
ETCOG	Gregg	White Oak	0.00	95,794.00	$0	$0	95,794.00
ETCOG	Gregg	Gregg County	40,933.00	2,592,290.00	$0	$0	2,633,223.00
ETCOG	Harrison	Harrison County	0.00	349,912.00	$0	$0	349,912.00
ETCOG	Harrison	Marshall	0.00	317,500.00	$0	$0	317,500.00
ETCOG	Harrison	Waskom	0.00	207,368.00	$0	$0	207,368.00
ETCOG	Harrison	Harrison County	72,523.00	874,781.00	$0	$0	947,304.00
ETCOG	Marion	Marion County	0.00	48,513.00	$0	$0	48,512.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
ETCOG	Marion	Jefferson	0.00	72,769.00	$0	$0	72,769.00
ETCOG	Marion	Marion County	0.00	121,283.00	$0	$0	121,283.00
ETCOG	Panola	Panola County	0.00	134,425.00	$0	$0	134,425.00
ETCOG	Panola	Carthage	0.00	104,400.00	$0	$0	104,400.00
ETCOG	Panola	Panola County	0.00	238,825.00	$0	$0	238,825.00
ETCOG	Rusk	Rusk County	0.00	219,809.00	$0	$0	219,809.00
ETCOG	Rusk	Mount Enterprise	0.00	75,800.00	$0	$0	75,800.00
ETCOG	Rusk	Tatum	0.00	253,913.00	$0	$0	253,913.00
ETCOG	Rusk	Rusk County	68,802.00	549,523.00	$0	$0	618,325.00
ETCOG	Smith	Smith County	0.00	202,946.00	$0	$0	202,946.00
ETCOG	Smith	Troup	0.00	247,190.00	$0	$0	247,190.00
ETCOG	Smith	Winona	0.00	57,229.00	$0	$0	57,229.00
ETCOG	Smith	Smith County	14,289.00	507,365.00	$0	$0	521,654.00
ETCOG	Upshur	Upshur County	0.00	133,629.00	$0	$0	133,629.00
ETCOG	Upshur	Ore City	0.00	80,449.00	$0	$0	80,449.00
ETCOG	Upshur	Gilmer	0.00	119,995.00	$0	$0	119,995.00
ETCOG	Upshur	Upshur County	0.00	334,074.00	$0	$0	334,074.00
ETCOG Total	**ETCOG Total**	**ETCOG Total**	**415,117.00**	**8,809,706.00**	**$0**	**$0**	**9,224,823.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
GCRPC	Calhoun	Calhoun County	0.00	166,667.00	$0	$0	166,667.00
GCRPC	Calhoun	Point Comfort	0.00	166,667.00	$0	$0	166,667.00
GCRPC	Calhoun	Port Lavaca	0.00	166,667.00	$0	$0	166,667.00
GCRPC	Calhoun	Seadrift	0.00	166,667.00	$0	$0	166,667.00
GCRPC	Victoria	Victoria County	0.00	166,667.00	$0	$0	166,667.00
GCRPC	Victoria	Victoria	0.00	166,667.00	$0	$0	166,667.00
GCRPC Total	**COG Total**	**COG Total**	**0.00**	**1,000,000.00**	**$0**	**$0**	**1,000,000.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
HGAC	City of Galveston (Direct)	City of Galveston (Direct)	160,432,234.00	106,954,822.00	$0	$0	267,387,056.00
HGAC	Galveston County, excluding City of Galveston	Galveston County	0.00	34,592,801.00	$0	$0	34,592,801.00
HGAC	Galveston County, excluding City of Galveston	Galveston County-wide Housing	99,503,498.00	0.00	$0	$0	99,503,498.00
HGAC	Galveston County, excluding City of Galveston	Bayou Vista	0.00	2,101,656.00	$0	$0	2,101,656.00
HGAC	Galveston County, excluding City of Galveston	Clear Lake Shores	0.00	1,393,934.00	$0	$0	1,393,934.00
HGAC	Galveston County, excluding City of Galveston	Dickinson	0.00	3,119,091.00	$0	$0	3,119,091.00
HGAC	Galveston County, excluding City of Galveston	Friendswood	0.00	2,555,358.00	$0	$0	2,555,358.00
HGAC	Galveston County, excluding City of Galveston	Hitchcock	0.00	2,888,164.00	$0	$0	2,888,164.00
HGAC	Galveston County, excluding City of Galveston-	Jamaica Beach	0.00	2,195,385.00	$0	$0	2,195,385.00
HGAC	Galveston County, excluding City of Galveston	Kemah	0.00	2,012,002.00	$0	$0	2,012,002.00
HGAC	Galveston County, excluding City of Galveston	La Marque	0.00	3,265,797.00	$0	$0	3,265,797.00
HGAC	Galveston County, excluding City of	League City	0.00	3,135,392.00	$0	$0	3,135,392.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
	Galveston						
HGAC	Galveston County, excluding City of Galveston	Santa Fe	0.00	2,738,741.00	$0	$0	2,738,741.00
HGAC	Galveston County, excluding City of Galveston	Texas City	0.00	4,614,680.00	$0	$0	4,614,680.00
HGAC	Galveston County, excluding City of Galveston	Tiki Island	0.00	1,722,664.00	$0	$0	1,722,664.00
HGAC	Harris County, excluding City of Houston (Direct)	Harris County, excluding City of Houston (Direct)	56,277,228.00	84,415,843.00			140,693,071.00
HGAC	Harris	City of Houston (Direct)	87,256,565.00	21,814,141.00	$0	$0	109,070,706.00
HGAC	Chambers	Chambers County	20,921,582.00	34,469,231.00	$0	$0	55,390,813.00
HGAC	Chambers	Anahuac	0.00	6,000,000.00	$0	$0	6,000,000.00
HGAC	Chambers	Mont Belvieu	0.00	4,071,375.00	$0	$0	4,071,375.00
HGAC	Chambers	Old River	0.00	2,479,926.00	$0	$0	2,479,926.00
HGAC	Chambers	Beach City (Chambers applying)	0.00	1,030,048.00	$0	$0	1,030,048.00
HGAC	Chambers	Cove (Chambers applying)	0.00	766,434.00	$0	$0	766,434.00
HGAC	Liberty	Liberty County	8,878,923.00	6,832,838.00	$0	$0	15,711,761.00
HGAC	Liberty	Ames	0.00	201,482.00	$0	$0	201,482.00
HGAC	Liberty	Cleveland	0.00	1,917,110.00	$0	$0	1,917,110.00
HGAC	Liberty	Daisetta	0.00	193,079.00	$0	$0	193,079.00
HGAC	Liberty	Dayton	0.00	1,439,156.00	$0	$0	1,439,156.00
HGAC	Liberty	Dayton Lakes	0.00	18,860.00	$0	$0	18,860.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
HGAC	Liberty	Devers	0.00	77,680.00	$0	$0	77,680.00
HGAC	Liberty	Hardin	0.00	140,981.00	$0	$0	140,981.00
HGAC	Liberty	Liberty	0.00	2,025,003.00	$0	$0	2,025,003.00
HGAC	Liberty	Plum Grove	0.00	173,659.00	$0	$0	173,659.00
HGAC	Brazoria (Competitive Set-Aside)	Brazoria County (Competitive Set-Aside)	8,704,745.00	8,704,745.00	$0	$0	17,409,490.00
HGAC	Montgomery (Competitive Set-Aside)	Montgomery County (Competitive Set-Aside)	6,909,237.00	4,606,158.00	$0	$0	11,515,395.00
HGAC	Matagorda (Competitive Set-Aside)	Matagorda County (Competitive Set-Aside)	1,196,829.00	4,787,320.00	$0	$0	5,984,149.00
HGAC	Fort Bend (Competitive Set-Aside)	Fort Bend County (Competitive Set-Aside)	1,582,106.00	1,054,738.00	$0	$0	2,636,844.00
HGAC	Walker (Competitive Set-Aside)	Walker County (Competitive Set-Aside)	933,481.00	622,320.00	$0	$0	1,555,801.00
HGAC	Waller (Competitive Set-Aside)	Waller County (Competitive Set-Aside)	195,419.00	130,279.00	$0	$0	325,698.00
HGAC	Waller (Competitive Set-Aside)	G&W Water Supply Corp.	0.00	143,500.00	$0	$0	143,500.00
HGAC	Austin	Wallis	0.00	30,998.00	$0	$0	30,998.00
HGAC	Austin (Competitive Set-Aside)	Austin County (Competitive Set-Aside)	46,505.00	31,003.00	$0	$0	77,508.00
HGAC	Wharton (Competitive Set-Aside)	Wharton County (Competitive Set-Aside)	740.00	493.00	$0	$0	1,233.00
HGAC Total	**COG Total**	**HGAC Regional Total**	**452,839,093.00**	**361,294,399.00**	**$0**	**$0**	**814,133,492.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
LRGVDC	Willacy	Willacy County (incl. county-wide housing)	412,500.00	1,046,430.00	$0	$0	1,458,930.00
LRGVDC	Willacy	Lyford	0.00	320,661.00	$0	$0	320,661.00
LRGVDC	Willacy	Raymondville	128,787.00	1,159,087.00	$0	$0	1,287,874.00
LRGVDC	Willacy	San Perlita	0.00	95,035.00	$0	$0	95,035.00
LRGVDC	Willacy	Willacy County Competitive	0.00	2,337,500.00	$0	$0	2,337,500.00
LRGVDC	Hidalgo*	Hidalgo County (incl. county-wide housing)	2,000,000.00	5,000,000.00	$0	$0	7,000,000.00
LRGVDC	Hidalgo*	Alamo	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Alton	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Donna	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Edcouch	0.00	450,534.00	$0	$0	450,534.00
LRGVDC	Hidalgo*	Edinburg	0.00	2,224,325.00	$0	$0	2,224,325.00
LRGVDC	Hidalgo*	Elsa	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Granjeno	0.00	35,176.00	$0	$0	35,176.00
LRGVDC	Hidalgo*	Hidalgo	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	La Joya	0.00	405,866.00	$0	$0	405,866.00
LRGVDC	Hidalgo*	La Villa	0.00	177,502.00	$0	$0	177,502.00
LRGVDC	Hidalgo*	McAllen	0.00	4,027,591.00	$0	$0	4,027,591.00
LRGVDC	Hidalgo*	Mercedes	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Mission	209,638.00	1,886,739.00	$0	$0	2,096,377.00
LRGVDC	Hidalgo*	Palmhurst	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Palmview	0.00	408,927.00	$0	$0	408,927.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
LRGVDC	Hidalgo*	Penitas	0.00	150,132.00	$0	$0	150,132.00
LRGVDC	Hidalgo*	Pharr	0.00	2,061,114.00	$0	$0	2,061,114.00
LRGVDC	Hidalgo*	Progreso	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Progreso Lakes	0.00	12,456.00	$0	$0	12,456.00
LRGVDC	Hidalgo*	San Juan	0.00	600,000.00	$0	$0	600,000.00
LRGVDC	Hidalgo*	Sullivan City	0.00	500,000.00	$0	$0	500,000.00
LRGVDC	Hidalgo*	Weslaco	0.00	600,000.00	$0	$0	600,000.00
LRGVDC	Cameron	Cameron County (incl. county-wide housing)	3,093,750.00	2,543,959.00	$0	$0	5,637,709.00
LRGVDC	Cameron	Bayview	0.00	13,359.00	$0	$0	13,359.00
LRGVDC	Cameron	Brownsville	1,635,318.00	3,815,743.00	$0	$0	5,451,061.00
LRGVDC	Cameron	Combes	0.00	88,362.00	$0	$0	88,362.00
LRGVDC	Cameron	Harlingen	0.00	2,190,385.00	$0	$0	2,190,385.00
LRGVDC	Cameron	Indian Lake	0.00	17,369.00	$0	$0	17,369.00
LRGVDC	Cameron	La Feria	0.00	243,611.00	$0	$0	243,611.00
LRGVDC	Cameron	Laguna Vista	0.00	121,521.00	$0	$0	121,521.00
LRGVDC	Cameron	Los Fresnos	0.00	176,408.00	$0	$0	176,408.00
LRGVDC	Cameron	Los Indios	0.00	42,128.00	$0	$0	42,128.00
LRGVDC	Cameron	Palm Valley	0.00	41,497.00	$0	$0	41,497.00
LRGVDC	Cameron	Port Isabel	0.00	166,271.00	$0	$0	166,271.00
LRGVDC	Cameron	Primera	0.00	127,458.00	$0	$0	127,458.00
LRGVDC	Cameron	Rancho Viejo	0.00	61,171.00	$0	$0	61,171.00
LRGVDC	Cameron	Rangerville	0.00	6,474.00	$0	$0	6,474.00

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
LRGVDC	Cameron	Rio Hondo	0.00	70,772.00	$0	$0	70,772.00
LRGVDC	Cameron	San Benito	0.00	819,164.00	$0	$0	819,164.00
LRGVDC	Cameron	Santa Rosa	0.00	98,594.00	$0	$0	98,594.00
LRGVDC	Cameron	South Padre Island	0.00	95,436.00	$0	$0	95,436.00
LRGVDC	Cameron	Cameron County Competitive	0.00	9,281,250.00	$0	$0	9,281,250.00
LRGVDC Total	**COG Total**	**COG Total**	**7,479,993.00**	**47,520,007.00**	**$0**	**$0**	**55,000,000.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
SETRPC	Hardin	Hardin County	0.00	12,011,743.00	$0	$0	12,011,743.00
SETRPC	Hardin	Kountze	0.00	87,745.00	$0	$0	87,745.00
SETRPC	Hardin	Lumberton	0.00	618,203.00	$0	$0	618,203.00
SETRPC	Hardin	Sour Lake	0.00	576,989.00	$0	$0	576,989.00
SETRPC	Jefferson	Jefferson County	0.00	28,933,856.00	$0	$0	28,933,856.00
SETRPC	Jefferson	Beaumont	17,100,000.00	4,328,912.00	$0	$0	21,428,912.00
SETRPC	Jefferson	Bevil Oaks	0.00	760,292.00	$0	$0	760,292.00
SETRPC	Jefferson	Groves	0.00	33,263.00	$0	$0	33,263.00
SETRPC	Jefferson	Nederland	0.00	38,015.00	$0	$0	38,015.00
SETRPC	Jefferson	Port Arthur	9,500,000.00	13,010,493.00	$0	$0	22,510,493.00
SETRPC	Jefferson	Port Neches	0.00	57,022.00	$0	$0	57,022.00
SETRPC	Jefferson	Taylor Landing	0.00	356,387.00	$0	$0	356,387.00
SETRPC	Orange	Orange County	0.00	12,304,606.00	$0	$0	12,304,606.00
SETRPC	Orange	Bridge City	0.00	9,689,353.00	$0	$0	9,689,353.00
SETRPC	Orange	Orange	0.00	7,768,271.00	$0	$0	7,768,271.00
SETRPC	Orange	Pine Forest	0.00	290,584.00	$0	$0	290,584.00
SETRPC	Orange	Pinehurst	0.00	51,659.00	$0	$0	51,659.00
SETRPC	Orange	Rose City	0.00	723,231.00	$0	$0	723,231.00
SETRPC	Orange	West Orange	0.00	1,459,376.00	$0	$0	1,459,376.00
SETRPC Total	**COG Total**	**COG Total**	**95,000,000.00**	**93,100,000.00**	**$1,900,000**	**$0**	**190,000,000.00**

Round 1 Allocations by Region

COG	County	Entity	Housing Funds	Non housing Infrastructure funds	Non housing economic development funds	Non housing Shelter Set Aside	Total Funds Allocated
STDC	Jim Hogg	Jim Hogg County	0.00	138,097.00	$0	$0	138,097.00
STDC	Starr	Starr County	0.00	416,322.00	$0	$0	416,322.00
STDC	Starr	Rio Grande City	0.00	138,728.00	$0	$0	138,728.00
STDC	Starr	Roma	0.00	124,867.00	$0	$0	124,867.00
STDC	Starr	La Grulla	0.00	98,052.00	$0	$0	98,052.00
STDC	Starr	Escobares	0.00	83,934.00	$0	$0	83,934.00
STDC Total	**COG Total**	**COG Total**		**1,000,000.00**	**$0**	**$0**	**1,000,000.00**

Appendix D-2 Round 2 Method of Distribution

1. Un-met needs assessment
2. Round Two Funding Allocations

NON-HOUSING FUNDS ALLOCATIONS TO REGIONS						
	ROUND 1		ROUND 2		CUMULATIVE ALLOCATION	
COG	ORCA Allocation	% Allocated	ORCA Allocation	% Allocated	Allocation	% Allocated
SETRPC	$95,000,000	16.06%	$131,541,769	20.82%	$226,541,769	18.52%
HGAC	$361,413,814	61.12%	$359,324,629	56.87%	$720,738,443	58.92%
LRGVDC	$47,520,007	8.04%	$50,903,880	8.06%	$98,423,887	8.05%
DETCOG	$64,068,930	10.83%	$65,120,122	10.31%	$129,189,052	10.56%
POOL	$23,348,990	3.95%	$24,947,552	3.95%	$48,296,542	3.95%
TOTAL	**$591,351,741**	**100.00%**	**$631,837,952**	**100.00%**	**$1,223,189,693**	**100.00%**

HOUSING FUNDS ALLOCATIONS TO REGIONS						
	ROUND 1		ROUND 2		CUMULATIVE ALLOCATION	
COG	TDHCA Allocation	% Allocated	TDHCA Allocation	% Allocated	TDHCA Allocation	% Allocated
SETRPC	$95,000,000	16.89%	$129,050,747	*19.9%*	$224,050,747	*18.5%*
HGAC	$452,839,093	80.49%	$259,974,210	*40.2%*	$712,813,303	*58.9%*
LRGVDC	$7,479,993	1.33%	$89,861,639	*13.9%*	$97,341,632	*8.0%*
DETCOG	$5,931,070	1.05%	$121,837,438	*18.8%*	$127,768,508	*10.6%*
POOL	$1,364,046	0.24%	$46,401,433	*7.2%*	$47,765,479	*3.9%*
TOTAL	**$562,614,202**	**100.00%**	**$647,125,468**	**100.0%**	**$1,209,739,670**	**100.0%**

DISASTER RECOVERY ALLOCATIONS TO REGIONS						
	ROUND 1		ROUND 2		CUMULATIVE ALLOCATION	
COG	Total Allocation	% Allocated	Total Allocation	% Allocated	Total Allocation	% Allocated
SETRPC	$190,000,000	16.46%	$260,592,517	*20.4%*	$450,592,517	*18.5%*
HGAC	$814,252,907	70.56%	$619,298,839	*48.4%*	$1,433,551,746	*58.9%*
LRGVDC	$55,000,000	4.77%	$140,765,519	*11.0%*	$195,765,519	*8.0%*
DETCOG	$70,000,000	6.07%	$186,957,560	*14.6%*	$256,957,560	*10.6%*
POOL	$24,713,036	2.14%	$71,348,985	*5.6%*	$96,062,021	*3.9%*
TOTAL	**$1,153,965,943**	**100.00%**	**$1,278,963,420**	**100.00%**	**$2,432,929,363**	**100.00%**

Total Round 2 Funding - $1,743,001,247			
ORCA Administered Funds		TDHCA Administered Funds	
Regionally Allocated Funds		**Regionally Allocated Funds**	
General non-housing grants	$501,112,859	Housing grants	$647,125,468
Non-Housing Activity Specific Competitive grants	$130,725,094		
Special Project set-asides		**Special Project set-asides**	
Recovery Enhancement Pilot Program	$130,725,094	Affordable Rental Housing Program Texas Rapid Housing Recovery Demonstration	$174,300,125 $6,000,000
Administration	$43,575,031	**Administration**	$43,575,031
Planning and Project Delivery	$65,362,547	**Planning and Project Delivery** Texas Title Clearance and Legal Assistance Program	Embedded in Regional Funding $500,000
Total Funds	$871,500,624	**Total Funds**	$871,500,624

Round 2 Regionally Allocated Funds				
	Total Housing funds	Total Non-housing funds	General Non-housing funds	Activity Specific non-housing funds
SETRPC	$129,050,747	$131,541,769	$104,326,231	$27,215,538
H-GAC	$259,974,210	$359,324,629	$284,981,602	$74,343,027
LRVDC	$89,861,639	$50,903,880	$40,372,043	$10,531,837
DETCOG	$121,837,438	$65,120,122	$51,646,994	$13,473,129
*Pooled funds	$46,401,433	$24,947,552	$19,785,989	$5,161,562
Total by category	$647,125,468	$631,837,952	$501,112,859	$130,725,094

Non-Housing Activity Specific Competitive Funds			
	Generator Program	Economic Development Revolving Loan Fund	The Healthcare Facilities Program
SETRPC	$9,071,846	$14,514,954	$3,628,738
H-GAC	$24,781,009	$39,649,614	$9,912,404
LRVDC	$3,510,612	$5,616,980	$1,404,245
DETCOG	$4,491,043	$7,185,669	$1,796,417
*Pooled funds	$1,720,521	$2,752,833	$688,208
Total by activity	$43,575,031	$69,720,050	$17,430,012

Appendix E-2 Response to Public Comment

(To be completed subsequent to public hearings)

DISASTER RECOVERY DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion, and Possible Approval of CDBG Disaster Recovery Program Award Recommendations

Hurricane Ike Housing Assistance Programs
09-0006 Liberty County
09-0007 Brazos Valley Affordable Housing Corporation
09-0010 Chambers County

Hurricane Dolly Housing Assistance Programs
09-0015 Mission
09-0018 Willacy County

Requested Action

Approve, Deny, or Approve with Amendments CDBG DR Program Conditional Award Recommendations

Background

The Texas Department of Housing and Community Affairs ("TDHCA") is responsible for administering a total of $621,449,116 for housing programs, including funding set-aside through a Rental Notice of Funding Availability ("NOFA") totaling $58,834,914.00. This represents the first portion of funds appropriated for Hurricanes Ike and Dolly. The activities proposed by the five Subrecipients listed above are detailed below.

SUMMARY HOUSING ACTIVITIES

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied	$29,196,448	93%	269	269	100%	LMI
Single/Multifamily Rental	$447,069	1%	45	45	100%	LMI
Administrative / Project Delivery	$1,856,843	6%	-	-	-	-
Total	**$31,500,360**	**100%**	**314**	**314**	**89%**	**-**

Liberty County

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied Activities	$8,374,423	94%	38	38	100%	LMI
Administrative / Project Delivery	$504,500	6%	-	-	-	-
Total	$8,878,923	100%	**38**	**38**	**100%**	-

Project Description
Liberty County is proposing to provide assistance to extremely low, very low and low-income owner occupied households for the rehabilitation, replacement, or reconstruction of approximately 300 homes that were damaged as a result of Hurricane Ike. Assistance will be in the form of a grant. The focus of the work to be performed is to provide safe, decent and sanitary housing by bringing existing housing units into compliance with applicable construction standards and codes. The maximum amount of rehabilitation assistance will be $49,000 and will not exceed the Liberty County Appraisal District assessed value of the existing improvements. The maximum amount of assistance for reconstruction or replacement housing is $105,000 with up to $30,000 in additional assistance if necessary for elevation.

A priority system was established to rate the applicants. A priority is given for applicants who are currently displaced from their primary residence. Then applicants are rated according to the household characteristics including elderly, disabled, single head of household, then by size of household. Households are given points based on the number of household members; the more household members the greater the number of points. The applicants receiving the greatest number of points will be given priority.

Liberty County is procuring a subcontractor to administer the housing activities.

Brazos Valley Affordable Housing Corporation

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied	$447,069	47%	6	6	100%	LMI
Single/Multifamily Rental	$447,069	47%	45	45	100%	LMI
Administrative / Project Delivery	$ 54,792	6%	-	-		-
Total	$948,930	100%	**51**	**51**	**100%**	-

Project Description
Brazos Valley Affordable Housing Corporation is proposing to provide assistance to extremely low, very low and low-income owner occupied households for the rehabilitation or reconstruction of approximately 51 homes that were damaged as a result of Hurricane Ike. The assistance will be in the form of a grant. The focus of the reconstruction, replacement and rehabilitation work to be performed is to provide safe, decent and sanitary housing. Every effort will be made to ensure that the after rehabilitation repairs and reconstruction will contribute to the long-term structurally sound housing stock in the area. The maximum amount of rehabilitation assistance is proposed at $24,999 and maximum amount of assistance for reconstruction or replacement housing is $130,000. BVAHC will allow up to $30,000 in additional assistance if necessary for elevation. The maximum amount of assistance for rental property

rehabilitation shall not exceed 221(d)(3) limits and assistance will be in the form of a grant. Applicants will be processed on a first-come, first-served basis subject to BVAHC board approval.

BVAHC will directly administer the majority of housing activities; the use of subcontractors will be minimal.

Chambers County

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied	$19,734,582	94%	180	180	100%	LMI
Administrative / Project Delivery	$1,187,000	6%	-	-	-	-
Total	**$20,921,582**	**100%**	**180**	**180**	**100%**	-

Project Description
Chambers County is proposing to provide assistance to extremely low, very low and low-income owner occupied households for the rehabilitation, replacement, or reconstruction of approximately 300 homes that were damaged as a result of Hurricane Ike. Assistance will be in the form of a grant. The focus of the work to be performed is to provide safe, decent and sanitary housing by bringing existing housing units into compliance with applicable construction standards and codes. The maximum amount of rehabilitation assistance will be $49,000 and will not exceed the Chambers County Appraisal District assessed value of the existing improvements. The maximum amount of assistance for reconstruction or replacement housing is $105,000 with up to $30,000 in additional assistance if necessary for elevation.

A priority system was established to rate the applicants. A priority is given for applicants who are currently displaced from their primary residence. Then applicants are rated according to the household characteristics including elderly, disabled, single head of household, then by size of household. Households are given points based on the number of household members; the more household members the greater the number of points. The applicants receiving the greatest number of points will be given priority.

Chambers County is procuring a subcontractor to administer the housing activities.

City of Mission

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied	$209,638	100%	8	8	100%	LMI
Administrative / Project Delivery	$0.00	0%	-	-	-	-
Total	**$209,638**	**100%**	**8**	**8**	**100%**	-

Project Description

The City of Mission will offer rehabilitation assistance for applicants that were directly affected by Hurricane Dolly. The City proposes to assist eight low income eligible families. The City's assessment of the damage indicates that approximately 57 homes were directly affected by the hurricane. In identifying the families, the city anticipates that the elderly, disabled and minority groups would be most affected, and therefore will be the target group for receiving assistance through this program.

The City of Mission will directly administer the majority of the housing activities; the use of subcontractors will be minimal.

Willacy County

Activity	Total Amount	% of Total	LMI Households	Total Households	% LMI	National Objective
Owner-Occupied	$430,736	80%	37	37	100%	LMI
Administrative / Project Delivery	$110,551	20%	-	-	-	-
Total	$541,287	100%	**37**	**37**	**100%**	-

Project Description

The City of Raymondville and Willacy County have entered into an inter-local agreement to work together to efficiently use the awarded disaster funds, and TDHCA will enter into a contract with Willacy County that will set-aside funds to be spent within the city limits of Raymondville. The purpose of the program is to provide assistance in the form of grants to income qualified, owner-occupied households for the rehabilitation, reconstruction, or repair of hurricane damaged homes in Willacy County. The main focus will be to repair roofs damaged by Hurricane Dolly. The maximum amount of assistance for all rehabilitation work will be $17,000. The homes will be inspected to determine the amount of repair necessary. The program is designed to provide safe, decent and sanitary housing by bringing the homes into compliance with applicable local codes and ordinances, and ensuring that the repairs and improvements supplement the structurally sound housing stock in the area.

Willacy County will procure subcontractors to administer the program.

Recommendation

Staff have reviewed the applications and determined that the applications sufficiently demonstrate the applicants' capacity to administer the award based on the information provided. The award is subject to the following conditions being satisfied prior to the execution of a contract:

- Resolution of all administrative deficiencies; and
- Clearance of findings related to previous monitoring reviews.

Staff is recommending that the Board conditionally award funds to Liberty County, Brazos Valley Affordable Housing Corporation, Chambers County, City of Mission, and Willacy County as described above pending resolution to any issues identified during the previous participation review as required under 10 TAC Chapter 60. Staff also recommends that staff be authorized to negotiate requested amendments to these contracts to ensure expedited use of funds provided that the amendments are consistent with HUD requirements, the Action Plan, and any Department rules, and that the Executive Director be authorized, when there is a time constraint that he reasonably believes to require immediate action, to execute such amendments and report them to this Board at the next meeting following such execution; all other amendments to be brought to this Board for approval.

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion, and Possible Approval of CDBG Disaster Recovery Program Award Recommendations for the $58 million affordable rental housing set-aside related to Hurricanes Ike and Dolly.

Requested Action

Approve, Deny, or Approve with Amendments CDBG Disaster Recovery Affordable Rental Housing Set-Aside Award Recommendation, #09805 Orange Navy II.

Background

Under the General Use of Funds and Funding Allocation of the Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding for hurricanes Ike and Dolly is a line item activity for the Rental Housing Stock Restoration Program. Congress required that states devote not less than approximately 10.6% of these funds to support repair, rehabilitation and reconstruction of the affordable rental housing stock in the impacted areas.

The Texas Department of Housing and Community Affairs (the "Department") is responsible for administering an initial set-aside amount of $58,834,914 for affordable rental housing programs through a Rental Notice of Funding Availability ("NOFA") appropriated for Hurricanes Ike and Dolly. This set-aside was established from 15% of the total grant amount that was available for planning purposes. At the May 21, 2009 Board meeting, staff presented an update of the Disaster Recovery Funds for Ike and Dolly and received the Board's approval to move forward with a Notice of Funding Availability (NOFA) for $58 million of Multifamily Rental Funds.

These funds are to be made available in the form of a grant or deferred forgivable loan to the owners of affordable rental properties. The affected housing must be in one of the 3 counties directly affected by Dolly or one of the 34 counties directly affected by Ike; and must be designated in the State CDBG Action Plan. A minimum of 51% of the funds to each property are to be used for affordable rental housing for low/moderate-income Texans earning 80 percent or less of the Area Median Family Income (AMFI). The NOFA complies with the requirements as stated in the Action Plan for the Rental Housing Stock Restoration Program.

Process for Allocating

The NOFA provides that funds are first allocated regionally based on the same Council of Government (COG) regions and percentages as the general Ike/Dolly allocations. If there are any funds remaining in a COG Region after August 1, 2009 and there are insufficient requests for the funds available in that COG Region, then those unrequested funds will be distributed among the remaining COG regions. After which time applications will be awarded on a first come first served basis irrespective of COG Region until all funds are exhausted.

The Department received a total of twenty-two (22) applications totaling $75,755,261 by the application acceptance period deadline of August 14, 2009. Staff has completed the review and evaluation of one application to be presented to the Board at this meeting. Staff will present additional recommendations as reviews are completed.

Summary of the Application

Orange Navy II, located in Orange, Orange County consists of the rehabilitation of 25 units in an apartment complex that was damaged by Hurricane Ike and remains vacant as well as the new construction of eleven (11) two-story single family units on scattered sites within the neighborhood. The reconstructed units will include thirteen (13) 1-bedroom, 1-bath units and twelve (12) 2-bedroom, 1-bath units. The new construction will include seven (7) units with 3-bedrooms, 2.5-baths and four (4) units with 4-bedrooms, 2.5-baths. It is anticipated that the new single family units on scattered sites within the neighborhood will serve as a catalyst for the redevelopment of the neighborhood as a whole.

Recommendation

Staff recommends the Board approve the award for Orange Navy II, #09805 as detailed above.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/27/09 PROGRAM: CDBG FILE NUMBER: **09805**

DEVELOPMENT

Orange Navy II

Location: scattered sites Region: 5

City: Orange County: Orange Zip: 77630 ☐ QCT ☐ DDA

Key Attributes: Acquisition/Rehab and New Construction, Family

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
CDBG Disaster Recovery	$3,450,000	0.00%	25	**$3,450,000**	**0.00%**	**25**

CONDITIONS

1 Receipt, review, and acceptance, by commitment, of a flood mitigation plan, including, but not limited to (a) description of and cost estimates for any floodplain reclamation site work activity; (b) documentation of building plans indicating compliance with the requirements of QAP§49.6(a); and (c) estimates for the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain.

2 Receipt, review, and acceptance, by commitment, of a revised title commitment limited to the seven tracts for the proposed development.

3 The Applicant has requested a forgivable loan over a 25 year amortized forgiveness period. Due to the required maintenance and Department exposure over such an extended period of forgiveness, the Department should require that income and rent restrictions be extended to match the term over which the Applicant receives the benefit, with an allowance for transfer of the property to a non-profit (and subsequent immediate forgiveness of debt) at any time during the requested extended forgiveness period. If affordability requirements are not extended beyond the 5-year CDBG period, the funds should be forgiven by the end of that time.

4 Should the terms and rates of the proposed debt change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
80% of AMI	65% of AMI	32

PROS

CONS

- The existing multifamily building to be rehabilitated is located within the 100-year floodplain.

- The expense to income ratio as determined by the Underwriter exceeds the 65% limit, and the Applicant's estimate is just marginally below the limit.

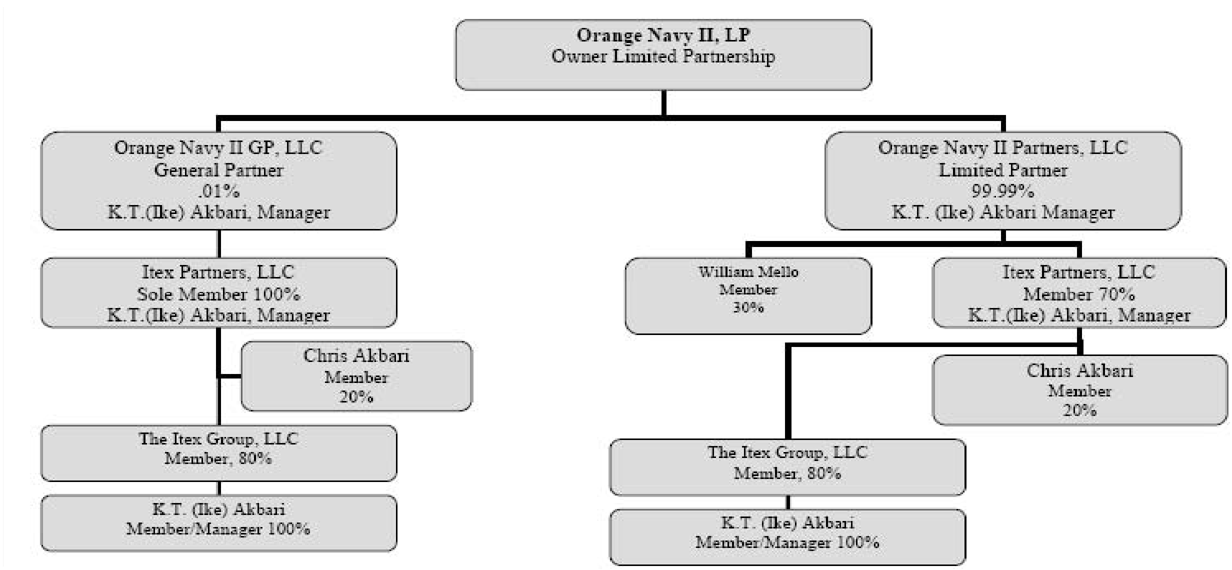
- The operating pro forma indicates negative cash flow by year 30.

PREVIOUS UNDERWRITING REPORTS

None; however, the subject is the second phase of Orange Navy I (#07905), a development that received a CDBG Disaster Recovery award in 2007.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: K. T. (Ike) Akbari   Phone: (409) 724-0020   Fax: (409) 721-6603

Email: ikeakbari@itexmgt.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity¹	# Completed Developments
Itex Partners, LLC	confidential		4
The Itex Group, LLC	confidential		0
Itex Developers, LLC	confidential		13
K.T. (Ike) Akbari	confidential		13
Chris Akbari	confidential		7
William Mello	confidential		0
Baristone Developers, LLC	confidential		7
Premier Affordable Housing, LLC	confidential		0
Donald R. Ball	confidential		1

¹ Liquidity = Current Assets - Current Liabilities

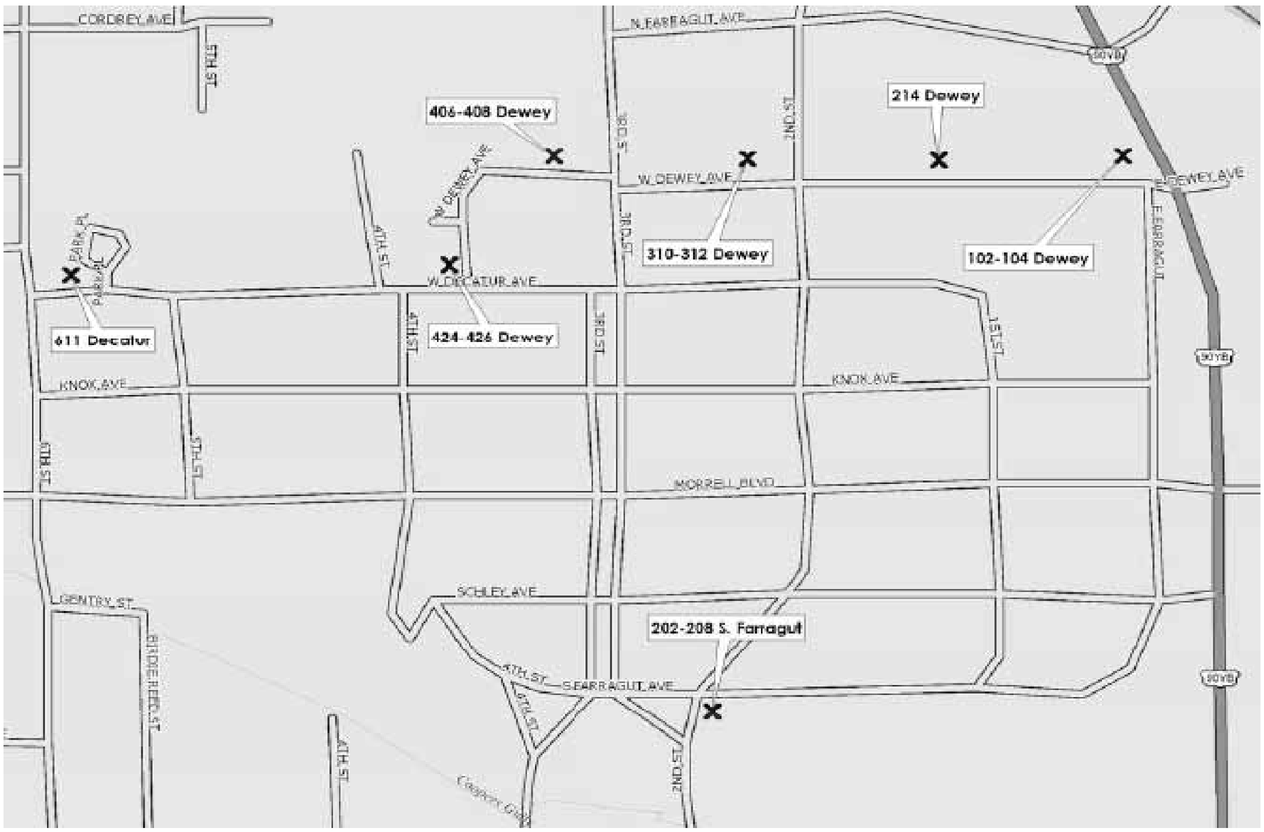
IDENTITIES of INTEREST

- 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 proposed 30% ownership he will have in the limited partnership. An adjustment to the acquisition price for the portion of the property that is being sold has been considered in the acquisition section of this report.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	Multifamily			Scattered Site Single Family							Total Buildings
Floors/Stories	2			2							
Number	1			11							**12**

BR/BA	SF	Units										Total Units	Total SF
1 / 1	703	13										13	9,139
2 / 1	983	12										12	11,796
3 / 2.5	1,350				7							7	9,450
4 / 2.5	1,500				4							4	6,000
Units per Building		25			1							**36**	**36,385**

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Property Condition Assessment:

A Property Condition Assessment is provided from Stewart Consulting Associates. The PCA describes 7 scattered sites containing a total of 36 housing units. Twenty-five units are contained in one building at the Kingston Apartments, reportedly constructed in 1973. The Kingston building was undergoing rehabilitation at the time of Hurricane Ike in 2008; it sustained additional damage, and has remained vacant since that time. Five of the six remaining sites include single-family, duplex, and fourplex structures built circa 1941.

"Through a combination of age, Hurricane Rita and Hurricane Ike, the properties have deteriorated to a point where, in Stewart's opinion, with the exception of Kingston Apartments, complete demolition is a reasonable course of action" ... "With regard to Kingston Apartments, since - with the exception of the building 'shell' - all major components will be new and installed per current building codes, it is Stewart's opinion that the remaining useful life (RUL) of the property will exceed the 15-year term." (pp. 3-4)

SITE ISSUES

Total Size:	2.6353 acres	Scattered site?	[X] Yes	[ ] No	
Flood Zone:	AE, X	Within 100-yr floodplain?	[X] Yes	[ ] No	
Zoning:	R3, CS	Needs to be re-zoned?	[ ] Yes	[X] No	[ ] N/A

Comments:

The multifamily building at 611 Decatur, as well as the sites at 202-208 S. Farragut and 424-426 Dewey are located in Flood Hazard Area AE. The Applicant has indicated that the new units to be constructed at the S. Farragut and Dewey sites will be constructed as specified in QAP§49.6(a). Mitigation plans for the existing multifamily building on Decatur will be considered by the Department HOME Division and the U.S. Department of HUD as part of the environmental review under 24 CFR Parts 50 and 58. Any funding recommendation will be subject to receipt, review, and acceptance, by commitment, of a flood mitigation plan, including, but not limited to (a) description of and cost estimates for any floodplain reclamation site work activity; (b) documentation of building plans indicating compliance with the requirements of QAP§49.6(a); and (c) estimates for the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff   Date: 8/24/2009

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North:	other residential / mixed uses	East:	North Simmons Drive / Hwy 90
South:	Main Street and Downtown Orange	West:	higher density retail / commercial

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Medina Consulting Company   Date: TBD

Comments:

Under the Disaster Recovery NOFA, "All applications will be subject to an environmental review as prescribed in 24 CFR Parts 50 and 58." The Applicant has included an engagement contract with the Medina Consulting Company to perform a Phase I ESA.

MARKET HIGHLIGHTS

Provider: Gerald A. Teel Company   Date: 6/26/2009

Contact: Tim Treadway   Phone: (713) 467-5858   Fax: (713) 467-0704

Number of Revisions: none   Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 250 sq. miles 9 mile equivalent radius

"The primary market area (PMA) is considered to be the City of Orange and immediate surrounding areas, including the whole of Orange County ... The county consists of 359 square miles with a population density of 249.5 residents per square mile ... The Orange County Market Area per recent demographics had an estimated 2008 population of 85,453 and 32,445 households." (p. 8)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Oakmont Apts	09184	80	80					
Orange Navy Homes I	07905	140	140					
Cypresswood Crossing	07093	76	76					
Twelve Oaks	060092	70	70					
Arbor Pines Apt Homes	09162	senior						

INCOME LIMITS						
Orange						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$11,400	$13,050	$14,650	$16,300	$17,600	$18,900
80	$30,400	$34,750	$39,100	$43,450	$46,950	$50,400

Primary Market Occupancy Rates:

"Our survey indicates an average occupancy of 75% in the market, with a simple average of 86.8%. The range is 70% to 100%. The properties considered most similar to the subject vary from 83% to 100%. Based on the data sample, as repaired, a stabilized occupancy level of about 90% is considered applicable to the subject apartment segment, excluding the scattered sites." (p. 31)

Absorption Projections:

"It is considered plausible that as each unit is completed, once the certificate of occupancy is available, it will be occupied. Thus at the end of the construction period, the property will have attained a stabilized occupancy level." (p. 73)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 703 SF 30%	$243	$243	$620	$243	$377
1 BR 703 SF 80%	$599	$599	$620	$599	$21
2 BR 983 SF 30%	$283	$283	$800	$283	$517
2 BR 983 SF 80%	$711	$711	$800	$711	$89
3 BR 1,350 SF 30%	$258	$258	N / A	$258	N / A
3 BR 1,350 SF 80%	$752	$752	N / A	$752	N / A
4 BR 1,500 SF 30%	$262	$262	N / A	$262	N / A
4 BR 1,500 SF 80%	$813	$813	N / A	$813	N / A

Market Impact:

"The Rent Comparables indicate an average occupancy of 88.7% for those that would participate in our survey. As repaired, the subject would be the most modern property, but the location is more secondary. Based on the foregoing, a stabilized occupancy of 90% is considered well supported by the data." (p. 63)

Comments:

A market study was not required with the subject application under the CDBG Disaster Recovery Program NOFA. An appraisal was included with the application, which provides some of the information normally derived from a market study.

The Department has also recently underwritten a proposed comparable development in the area. The Oakmont Apartments (#09184) is a proposed 80-unit development less than one mile to the north; Oakmont received a 2009 9% Housing Tax Credit award. The underwriting report for Oakmont concluded an overall inclusive capture rate of 24% for a total supply of 341 unstabilized comparable units. Including the 36 proposed subject units in the analysis indicates an inclusive capture rate of 27%. Since Orange is designated a rural region, the maximum rate is 75%; the proposed development would therefore be considered acceptable.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: none Date of Last Applicant Revision: N / A

The application indicates one unit of each type to be income and rent-restricted at 30% of AMI; the remaining units are to be income-restricted at 80% of AMI, while the Applicant's rent schedule indicates rent limits at 65% of AMI. Tenants in the 25 multifamily units will pay for electricity; tenants in the 11 single family units will pay electricity as well as water, sewer, and trash expenses. The Applicant's projected gross income of $259K is equivalent to the underwriting estimate.

Expense: Number of Revisions: none Date of Last Applicant Revision: N / A

The Applicant's projected operating expenses are $4,662 per unit; this is within 2% of the underwriting estimate.

Conclusion:

The Applicant's projected gross income, operating expenses, and net operating income are each within 5% of the underwriting estimates; the Applicant's projections will therefore be used to evaluate debt capacity and long-term feasibility. The proposed financing structure provides a year-one debt coverage ratio of 1.25, which is within the guideline range of 1.15 to 1.35.

Feasibility:

The Applicant's projected income and expenses are used to construct a 30-year operating pro forma based on a 2% growth factor for income and 3% for expenses. This analysis indicates positive cash flow and a DCR that remains above 1.15 for at least 20 years.

It should be noted that the underwriting estimates indicate a first-year expense to income ratio exceeding the limit of 65%. However, as mentioned, the Applicant's projections have been used for the analysis; the Applicant's projected first-year expense to income ratio is marginally below the 65% limit.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Gerald A. Teel Company Date: 6/26/2009

Number of Revisions: none Date of Last Applicant Revision: N / A

Six Tracts on Dewey / Farragut:

Land Only: 1.29 acres	$55,000	As of:	6/24/2009

Kingston Apartments:

Land Only: 1.36 acres	$57,695	As of:	6/24/2009
Existing Buildings: (as-is)	$267,305	As of:	6/24/2009
Kingston Apartments: (as-is)	$325,000	As of:	6/24/2009
Total Development: (as-is)	$380,000	As of:	6/24/2009

ASSESSED VALUE

Land Only: 2.66 acres	$10,937	Tax Year:	2009
Existing Buildings:	$73,310	Valuation by:	Orange CAD
Total Assessed Value:	$84,247	Tax Rate:	2.62047

EVIDENCE of PROPERTY CONTROL

Type: Agreement to Sell and Purchase — Acreage: 2.6352

Contract Expiration: 12/31/2009 — Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $360,000 — Other:

Seller: William Mello — Related to Development Team? [X] Yes [ ] No

TITLE

Comments:

The title commitment provided with the application references the seven subject tracts as well as seven additional tracts. Any funding recommendation will be subject to receipt, review, and acceptance, by commitment, of a revised title commitment limited to the seven tracts for the proposed development.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 — Date of Last Applicant Revision: 8/25/2009

Acquisition Value:

The seller, William Mello, will be 30% owner of the Limited Partnership, Orange Navy II Partners, LLC. The seller claims an acquisition basis of $698K, including $279K in original costs, $399K in repairs, and $20K in taxes. But the Applicant provided minimal documentation to support these costs.

The appraisal indicates an as-is value of $325,000 for the multifamily property, and $55,000 land value for the other six tracts; the total appraised value is therefore $380,000. The Applicant has claimed an acquisition cost of $360,000 for the transfer of the subject properties to the limited partnership.

In a typical TDHCA identity of interest transaction a .01% or less general partnership interest is retained and thus an adjustment for the value retained is not often warranted. In this case the percentage of ownership that will remain with the seller is 30% of the 99.99% limited partnership. Thus the acquisition price has been adjusted to account for the 30% ownership interest that will be retained by the seller. The acquisition price for underwriting proposes is therefore adjusted to $257,011.

Sitework Cost:

The Applicant's proposed site work costs are below the underwriting limit of $9,000 per unit, so no further substantiation is required.

Direct Construction Cost:

The Applicant's projected direct construction cost total is $1,960,136, consisting of $1,013,050 for new construction of 11 single family units, and $947,086 for rehabilitation of the 25 multifamily units. The underwriting estimate of $2,017,134 consists of $1,030,748 for new construction, derived from Marshall & Swift; and $986,386 for rehabilitation, taken from the third party Property Condition Assessment of the existing multifamily units.

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Interim Interest Expense:

The Applicant claimed $60,000 in interim interest. The lender's term sheet indicates $1,000,000 interim financing at an indicative rate of 5.5%. Underwriting guidelines allow for one year of fully-drawn interest, which amounts to $55,000. The difference has been included with "ineligible costs" for the purpose of determining an allowable developer fee.

Contingency & Fees:

The Applicant's projected developer fee of $478,000 is below the limit based on costs normally considered eligible.

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. While land costs, marketing, permanent financing costs, excessive construction interest, and reserves are considered ineligible costs for purposes of determining the Developer fee they are costs that can, if reasonable, be funded with the CDBG funds. Thus the Applicant's total costs will only be adjusted by the acquisition cost.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: none Date of Last Applicant Revision: N / A

Source: JPMorgan Chase Type: **Interim Financing**

Principal: $1,000,000 Interest Rate: 5.5% ☐ Fixed Term: 24 months

Comments:

30-day UBOR (with a UBOR floor rate of 2.50%) plus 300 basis point spread floating (5.5% indicative rate as of June 25, 2009).

Source: JPMorgan Chase Type: **Permanent Financing**

Principal: $696,198 Interest Rate: 9.9% X Fixed Amort: 360 months

Comments:

Fixed rate at construction loan closing based on a spread over the 10-year U.S. Treasury for terms up to 15 years. Rates locked up to 24 months at construction loan closing. As of June 25, 2009, the indicative rate is 9.90%.

Source: TDHCA Type: **CDBG Disaster Recovery Funds**

Principal: $3,450,000 Interest Rate: 0.0% X Fixed Term: 300 months

Comments:

The Applicant proposes that these funds bear interest at zero percent, and be due and payable in 25 years, at which time the principal may be forgiven if the Project is then owned by a non-profit organization.

Amount: $52,939 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Applicant’s total development cost estimate less the excess acquisition cost of $107,989 and permanent loan of $696,198 indicates the need for $3,542,506. The Applicant's original request was for a grant of $3,450,000 under the CDBG Disaster Recovery Program, and thus the gap amount requested is recommended.

This section intentionally left blank.

The measured forgiveness over the 25 year amortization period will spread out the income tax effect of the gain from the recognized forgiveness. A grant or whole forgiveness after 5 years would result in a much larger one time gain for the for-profit portion of the partnership. The CDBG NOFA only requires a 5-year affordability period. However, if the CDBG funds are structured with an extended term as requested by the Applicant, the Department should require that income and rent restrictions be extended to match the term over which the Applicant receives the benefit, with an allowance for transfer of the property to a non-profit at any time during the requested extended forgiveness period (and subsequent immediate forgiveness of debt). If affordability requirements are not extended beyond the 5-year CDBG period, the funds should be forgiven by the end of that time.

The Underwriter's recommended financing structure indicates a need for $92,506 in additional funds. This amount represents 19.4% of the Applicant's proposed developer fee.

The CDBG award amount is below the 221(d)(3) limit for this project.

Underwriter:	*Thomas Cavanagh*	Date:	August 27, 2009
Reviewing Underwriter:	*Raquel Morales*	Date:	August 27, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	August 27, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Orange Navy II, Orange, CDBG #09805

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	WS&T
CDBG 30%	1	1	1	703	$305	$243	$243	$0.35	$62	$44
CDBG 80%	12	1	1	703	$661	$599	$7,188	$0.85	$62	$44
CDBG 30%	1	2	1	983	$366	$283	$283	$0.29	$83	$53
CDBG 80%	11	2	1	983	$794	$711	$7,821	$0.72	$83	$53
CDBG 30%	1	3	2.5	1,350	$423	$258	$258	$0.19	$165	$0
CDBG 80%	6	3	2.5	1,350	$917	$752	$4,512	$0.56	$165	$0
CDBG 30%	1	4	2.5	1,500	$472	$262	$262	$0.17	$210	$0
CDBG 80%	3	4	2.5	1,500	$1,023	$813	$2,439	$0.54	$210	$0
TOTAL:	36		AVERAGE:	1,011		$639	$23,006	$0.63	$105.47	$33.56

INCOME	Total Net Rentable Sq Ft:	36,385		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$276,072	$276,072	Orange		5
Secondary Income		Per Unit Per Month:	$8.33	3,600	3,600	$8.33	Per Unit Per Month	
Other Support Income:				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$279,672	$279,672			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(20,975)	(20,976)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$258,697	$258,696			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		12.71%	$914	0.90	$32,886	$21,900	$0.60	$608	8.47%
Management		4.10%	295	0.29	10,604	12,932	0.36	359	5.00%
Payroll & Payroll Tax		14.49%	1,041	1.03	$37,476	43,000	1.18	1,194	16.62%
Repairs & Maintenance		8.63%	620	0.61	$22,321	22,800	0.63	633	8.81%
Utilities		1.95%	140	0.14	5,050	3,000	0.08	83	1.16%
Water, Sewer, & Trash		3.09%	222	0.22	8,000	7,600	0.21	211	2.94%
Property Insurance		9.05%	650	0.64	23,400	23,400	0.64	650	9.05%
Property Tax	2.62047	6.21%	446	0.44	16,054	16,992	0.47	472	6.57%
Reserve for Replacements		4.17%	300	0.30	10,800	10,800	0.30	300	4.17%
TDHCA Compliance Fees		0.00%	0	0.00	0	1,440	0.04	40	0.56%
Other: CableTV + supp svcs		1.53%	110	0.11	3,960	3,960	0.11	110	1.53%
TOTAL EXPENSES		65.93%	$4,738	$4.69	$170,551	$167,824	$4.61	$4,662	64.87%
NET OPERATING INC		34.07%	$2,448	$2.42	$88,145	$90,872	$2.50	$2,524	35.13%
DEBT SERVICE									
JP Morgan Chase		28.10%	$2,019	$2.00	$72,699	$72,698	$2.00	$2,019	28.10%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		5.97%	$429	$0.42	$15,446	$18,174	$0.50	$505	7.03%
AGGREGATE DEBT COVERAGE RATIO					1.21	1.25			
RECOMMENDED DEBT COVERAGE RATIO						1.25			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		5.91%	$7,139	$7.06	$257,011	$365,000	$10.03	$10,139	8.40%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.64%	6,803	6.73	244,925	292,225	8.03	8,117	6.72%
Direct Construction		46.42%	56,032	55.44	2,017,134	1,823,865	50.13	50,663	41.96%
Contingency	5.00%	2.60%	3,142	3.11	113,103	115,220	3.17	3,201	2.65%
Contractor's Fees	14.00%	7.29%	8,797	8.70	316,688	322,612	8.87	8,961	7.42%
Indirect Construction		9.86%	11,903	11.78	428,500	428,500	11.78	11,903	9.86%
Ineligible Costs for Dev fee		5.83%	7,035	6.96	253,271	253,271	6.96	7,035	5.83%
Developer's Fees	14.72%	11.00%	13,278	13.14	478,000	478,000	13.14	13,278	11.00%
Interim Financing		2.95%	3,556	3.52	128,000	128,000	3.52	3,556	2.94%
Reserves		2.51%	3,026	2.99	108,943	140,000	3.85	3,889	3.22%
TOTAL COST		100.00%	$120,710	$119.43	$4,345,575	$4,346,693	$119.46	$120,741	100.00%
Construction Cost Recap		*61.94%*	***$74,774***	***$73.98***	***$2,691,850***	***$2,553,922***	***$70.19***	***$70,942***	*58.76%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
JP Morgan Chase	16.02%	$19,339	$19.13	$696,198	$696,198	$696,198	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$478,000
CDBG Disaster Funds	79.39%	$95,833	$94.82	3,450,000	3,597,556	3,450,000	% of Dev. Fee Deferred
Deferred Developer Fees	1.22%	$1,471	$1.45	52,939	52,939		0%
Additional (Excess) Funds Req'd	3.37%	$4,068	$4.02	146,438	0	92,506	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,345,575	$4,346,693	$4,238,704	$278,413

Orange Navy II, Orange, CDBG #09805

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Single Family Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$72.58	$1,121,338
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly			0.00	0
9-Ft. Ceilings	3.50%		2.54	39,247
Roofing			0.00	0
Subfloor			(1.28)	(19,699)
Floor Cover			3.42	52,839
Breezeways/Balconies			0.00	0
Plumbing Fixtures	$1,200	22	1.71	26,400
Rough-ins	$475	11	0.34	5,225
Built-In Appliances	$2,775	11	1.98	30,525
Exterior Stairs		0	0.00	0
Enclosed Corridors		0	0.00	0
Heating/Cooling			0.00	0
Garages/Carports	$22.85	4,133	6.11	94,447
Hurricane wind adj	$2.86	15,450	2.86	44,187
Other: fire sprinkler	$0.00	36,385	0.00	0
SUBTOTAL			90.26	1,394,509
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.91		(8.12)	(125,506)
TOTAL DIRECT CONSTRUCTION COSTS			$82.14	$1,269,003
Plans, specs, survy, bld prm	3.90%		($3.20)	($49,491)
Interim Construction Interes	3.38%		(2.77)	(42,829)
Contractor's OH & Profit	11.50%		(9.45)	(145,935)
NET DIRECT CONSTRUCTION COSTS			$66.72	$1,030,748

PAYMENT COMPUTATION

Primary	$696,198	Amort	360
Int Rate	9.90%	DCR	1.21
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.21
Additional	$3,597,556	Amort	
Int Rate		Aggregate DCR	1.21

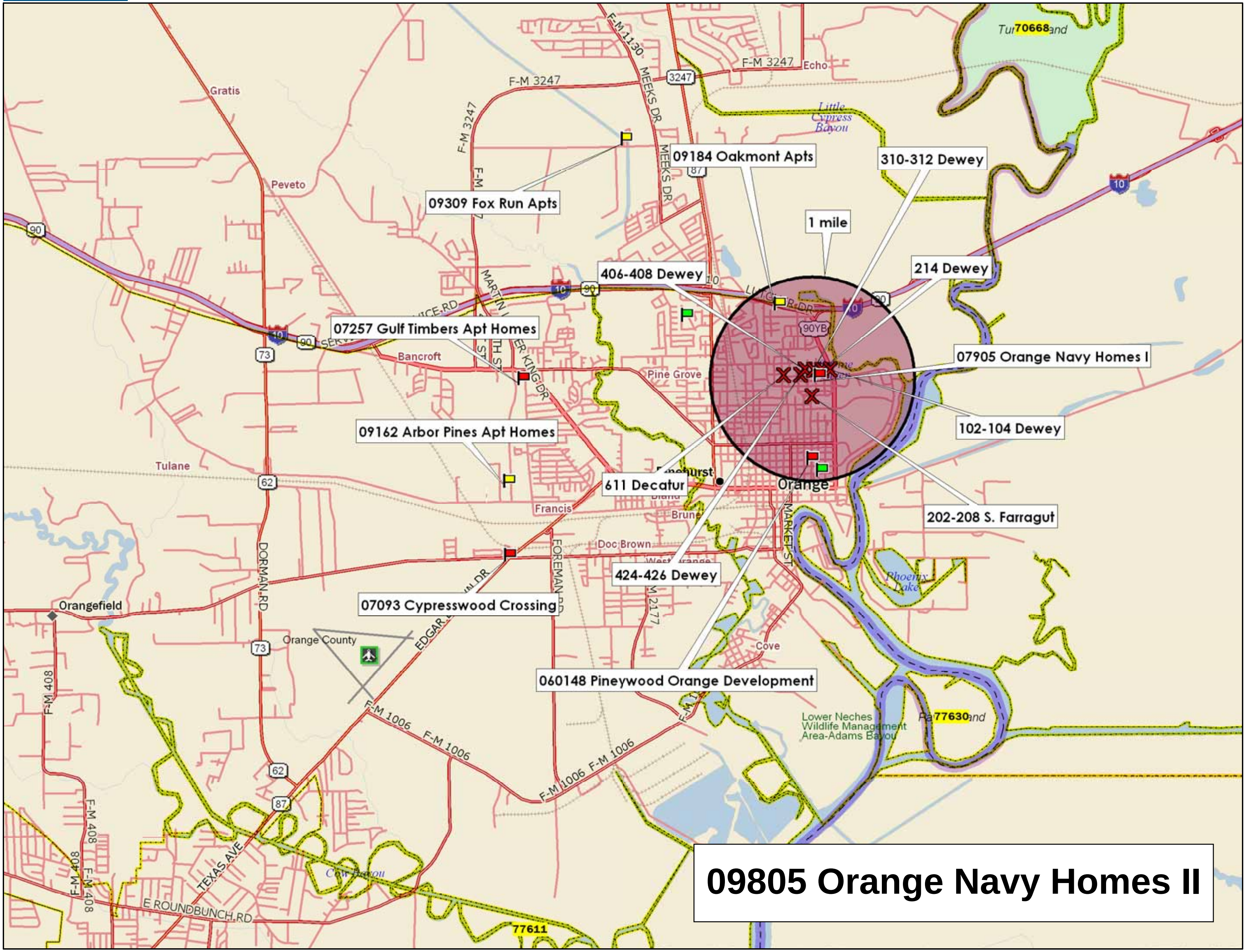
RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$72,699
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$18,173

Primary	$696,198	Amort	360
Int Rate	9.90%	DCR	1.25
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.25
Additional	$3,597,556	Amort	0
Int Rate	0.00%	Aggregate DCR	1.25

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$276,072	$281,593	$287,225	$292,970	$298,829	$329,932	$364,271	$402,185	$490,261
Secondary Income	3,600	3,672	3,745	3,820	3,897	4,302	4,750	5,245	6,393
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	279,672	285,265	290,971	296,790	302,726	334,234	369,021	407,429	496,654
Vacancy & Collection Loss	(20,975)	(21,395)	(21,823)	(22,259)	(22,704)	(25,068)	(27,677)	(30,557)	(37,249)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$258,697	$263,871	$269,148	$274,531	$280,022	$309,166	$341,345	$376,872	$459,405
EXPENSES at 3.00%									
General & Administrative	$32,886	$33,873	$34,889	$35,936	$37,014	$42,909	$49,743	$57,666	$77,499
Management	10,604	10,816	11,032	11,253	11,478	12,673	13,992	15,448	18,831
Payroll & Payroll Tax	37,476	38,600	39,758	40,951	42,180	48,898	56,686	65,714	88,315
Repairs & Maintenance	22,321	22,990	23,680	24,390	25,122	29,123	33,762	39,139	52,600
Utilities	5,050	5,202	5,358	5,518	5,684	6,589	7,639	8,855	11,901
Water, Sewer & Trash	8,000	8,240	8,487	8,742	9,004	10,438	12,101	14,028	18,853
Insurance	23,400	24,102	24,825	25,570	26,337	30,532	35,395	41,032	55,144
Property Tax	16,054	16,536	17,032	17,543	18,069	20,947	24,284	28,152	37,833
Reserve for Replacements	10,800	11,124	11,458	11,801	12,155	14,092	16,336	18,938	25,451
Other	3,960	4,079	4,201	4,327	4,457	5,167	5,990	6,944	9,332
TOTAL EXPENSES	$170,551	$175,562	$180,720	$186,032	$191,500	$221,368	$255,926	$295,916	$395,757
NET OPERATING INCOME	$88,145	$88,309	$88,428	$88,499	$88,521	$87,799	$85,418	$80,956	$63,648
DEBT SERVICE									
First Lien Financing	$72,699	$72,699	$72,699	$72,699	$72,699	$72,699	$72,699	$72,699	$72,699
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	$15,446	$15,610	$15,729	$15,800	$15,822	$15,100	$12,719	$8,257	($9,051)
DEBT COVERAGE RATIO	1.21	1.21	1.22	1.22	1.22	1.21	1.17	1.11	0.88



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MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 3, 2009

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 statute 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.

Penalties for Amendment Requests

§49.9(c), 2009 Qualified Allocation Plan and Rules, entitled, "Adherence to Obligations," states in part:

> If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:
>
> (1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and
>
> (2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:
>
> (A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.
>
> (B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph (A) or (B) of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

HTC No. 060629, Villas at Henderson

Summary of Request: The owner requested approval for completing the development to contain 17.765 acres of land as specified in the cost certification instead of 19.898 acres as originally approved by the Board. Staff reviewed the relevant documents in the application and concluded that the site proposed was the same site developed. The details of staff's findings and staff's recommendation are stated below.

The discrepancy between the larger size and smaller size was traced to the inclusion of the right-of-way of North Hyde Park Boulevard in the Department's records. North Hyde Park Boulevard is a public street that the development owner dedicated to the City of Cleburne during the development process. The land dedicated was labeled as the proposed right-of-way of North Hyde Park Boulevard in a survey map submitted in the application. The map identified the right-of-way as 2.132 acres of the 19.898 acres of land purchased via the contract that was submitted in the application to substantiate site control. The cost of the land used in underwriting the development was the cost of the entire 19.898 acre tract. The applicant listed no off-site costs in the application's Development Cost Schedule but stated that the right-of-way was dedicated with the road built and without compensation from the city.

In the application, the Specifications and Amenities exhibit stated the development site as 17.7 acres, the site plan indicated a size of 17.74 acres, the Relevant Development form stated 17.74 acres, the public notice sign stated 16.513 acres and the market study stated 16.51 acres. The origin of latter two acreages could not be determined. As a further indication of the development proposal that the owner intended to portray, staff found that the Relevant Development form, stating 17.74 acres as said above, was sent in the notifications to elected officials and neighborhood organizations and staff noted that the architectural rendering of the site plan did not include the right-of-way tract or a reference to the additional 2.132 acres within the right-of-way.

Of all exhibits in the application, the survey map was most descriptive of the development plan as a whole. The survey depicted a total of 19.898 acres with 2.132 acres of that total shown as proposed right-of-way. Therefore, the survey indicated that the development site, by itself, was 17.766 acres, precisely the size of 17.765 acres confirmed by the cost certification. In addition, the land uses shown around the proposed right-of-way in the survey indicated that the right-of-way would be for public use because several residential lots in a subdivision on the opposite side of the right-of-way from the subject property had the right-of-way as their sole frontage and access. The boulevard then ran north of the development site to serve more subdivision lots, further suggesting that it would be for public use. The indication that the proposed right-of-way would be for public use rather than a private driveway, in turn, suggested that the right-of-way would be dedicated to the city rather than leaving the owner of Villas at Henderson to maintain it.

In staff's view, the weight of the evidence in the application suggested that the development proposal was for an apartment complex on 17.766 acres and the documentation indicated that the additional 2.132 acres that was purchased with the 17.766 acres (making 19.898 acres in all) was contemplated from the time of application to be dedicated as right-of-way at some point in time during the development process.

The application was associated with tax-exempt bond financing and scoring was therefore not an issue. Similarly, the issues relating to the current request would not have affected Threshold. Separate from the amendment of the tax credit application, staff noted that the applicant reflected 19.898 acres more or less throughout the bond documents. This anomaly is being corrected.

Owner:	Cleburne Villas Apartments, L.P.
General Partner:	Cleburne Villas Developers, LLC
Developers:	Wolco Development, LLC
Principals/Interested Parties:	John Wolcott, J. Steve Ford, G. Granger MacDonald, T. Justin MacDonald
Syndicator:	Boston Capital
Construction Lender:	CitiBank

Permanent Lender:	CitiBank
Other Funding:	Tax-Exempt Bond issued by TDHCA, Housing Trust Fund
City/County:	Cleburne/Johnson
Set-Aside:	NA – Tax Exempt Bond Development
Type of Area:	Urban
Region:	3
Type of Development:	New Construction
Population Served:	Intergenerational
Units:	140 HTC units
2006 Allocation:	$407,847
Allocation per HTC Unit:	$2,913
Prior Board Actions:	10/06 – Approved award of tax credits, bonds and HTF
Underwriting Reevaluation:	The development was originally underwritten to include the purchase price of the entire tract as the land value of the development. However, even if the land had been prorated, it would have made no difference in the amount of the award and staff does not recommend an adjustment in the amount of the award.
Staff Recommendation:	**Staff recommends approving the request.**
Penalty Assessment:	**Staff recommends that no penalties be assessed because the application appeared to correctly reflect the development as built.**

<u>HTC No. 08264, Cambridge Crossing Apartments</u>

<u>Summary of Request</u>: The owner requested approval for changes to optimize the site plan in conformity with grading and drainage requirements. The development was originally proposed as eight one-story buildings built around the perimeter of the site to surround one two-story building in the middle of the site. The perimeter buildings were to contain forty units and the central building was to contain twenty units. The request asked to increase the number of buildings from nine to twenty, reduce the number of building types from five to two, increase the unit types from four to seven, and increase the total parking spaces from 65 to 120. The sizes of some units were to be adjusted and three of the original four two-bedroom units with one bathroom were to have a second bathroom added. The conversion would leave thirteen of the fourteen two-bedroom units with two bathrooms and only one two-bedroom unit would have one bathroom.

Despite the number of changes, the documentation reflected the same final unit mix as the mix originally proposed, 46 one-bedroom units and 14 two-bedroom units. Similarly, staff reported that the redesigned units would meet the application's minimum unit-size requirements. Staff found that the final net rentable area of 48,966 square feet would be approximately 0.5% larger than the original net rentable area of 48,710 square feet.

Staff viewed two of the changes requested as downgrades and the remainder as upgrades or neutral changes. One downgrade was a reduction in the number of carports from forty to thirty-eight. The number was reduced to match the reduction in the cottage-units around the perimeter of the site, keeping the ratio of cottage units to attached carports at one to one.

The other downgrade consisted of changing the ratio of Hardiplank siding to masonry veneer. In the application, the percentages of Hardiplank and masonry veneer were stated as 75% and 25%, respectively, in the perimeter cottages (40 units), and as 85% and 15%, respectively, in the central building (20 units). The amendment would cause the cottages (38 units as amended) to have 100% Hardiplank siding, while the central building (22 units as amended) would have 75% Hardiplank and 25% masonry veneer siding.

Staff deemed the most significant upgrades to be the addition of 55 parking spaces, three bathrooms and 256 square feet of net rentable area and the most significant downgrades to be the elimination of two carports and part of the masonry veneer. Staff considered the original and final features of the development to be substantially similar. Staff found that neither the Threshold requirements nor the score of the application was affected by the changes. All 2008 applications in the nine percent round received awards.

Owner:	Corsicana DMA Housing, L.P.
General Partner:	DMA Cambridge Crossing, LLC
Developers:	DMA Development Company, LLC
Principals/Interested Parties:	Diana McIver
Syndicator:	Centerline Capital Group
Construction Lender:	JP Morgan Chase
Permanent Lender:	JP Morgan Chase
Other Funding:	TDHCA HOME Funds
	Southwest Housing Finance Corporation
City/County:	Corsicana/Navarro
Set-Aside:	NA - Elderly Population
Type of Area:	Rural
Region:	3

Type of Development:	New Construction
Population Served:	Elderly Population
Units:	58 HTC units and 2 market rate units
2008 Allocation:	$578,144
Allocation per HTC Unit:	$9,968
Prior Board Actions:	7/08 – Approved award of tax credits
Underwriting Reevaluation:	There is no material impact on the underwriting of the transaction.
Staff Recommendation:	**Staff recommends approving the request because the amended development proposal is equivalent to the original plan.**
Penalty Assessment:	**Staff recommends no assessment of penalties because the change was requested prior to its implementation.**

HTC No. 08299, Southern View Apartments

Summary of Request: The owner requested approval to change the building floorplans and site plan. Discrepancies in the size of the site must also be resolved. The amendment proposed a site of 5.03 acres of land instead of 4.56 acres as recorded in the application's purchase contract and 3.5 acres as recorded in the application's Specifications and Amenities exhibit. The amended 5.03 acre site is approximately the same as the 5.01 acres indicated by the last version of the site plan submitted during the application review period. The amended development site includes the 23 residential lots in the application purchase contract, the alleys between the 23 lots, and the vacated 60 foot right-of-way of a portion of Oklahoma Street, that were included in the original site plan. Staff concluded that the complexity of the various tracts aggregated into the development site and the timing and diverse modes of acquisition (purchased lots and, later, vacated alleys and street) led to differences in the land areas stated in various application documents and reported to the Board in the underwriting report.

The owner's control of the alleys and the right-of-way of Oklahoma Street were not documented by contracts in the application. However, the application contained a resolution of support from the City Council of Fort Stockton and subsequent letters of support from the mayor and city manager. The resolution and letters confirmed the city's anticipation from the time the application was submitted that a part of Oklahoma Street and the alleys between the lots would be vacated for the development. The owner explained that although the easternmost part of the site was left vacant because it was in excess of the land needed for the development, its purchase was required by the seller of the lots.

Regarding the building plans, the owner proposes to build four residential buildings instead of the original three buildings and to redistribute both the residential and common buildings over the site. The owner affirmed that the net rentable area, unit mix and amenities would not change. The changes were said to enable construction around the existing utility easements without relocating the utilities. As the amended plans show, the site has no buildings that cover the area originally occupied by the alley. The utilities lie in that same area.

The request regarding the site primarily involves the resolution of discrepancies in the application about the land to be developed rather than a change in the land. The request would not have affected the scoring and the cost of the land remains the same under both the original and amended plans. The request regarding the number of buildings and their locations on the site was also without an affect on the application's scoring. Please see the underwriting findings below with regard to the affects related to the differences in the building configurations.

Owner:	Fort Stockton Southern View Apartments, LP
General Partner:	Fort Stockton Southern View Housing, LLC
Developers:	Zimmerman Properties, LLC
Principals/Interested Parties:	Vaughn C Zimmerman; Rebecca A. Zimmerman; Justin & Leah Zimmerman
Syndicator:	Centerline Capital
Construction Lender:	Lancaster Pollard
Permanent Lender:	Lancaster Pollard
Other Funding:	NA
City/County:	Fort Stockton/Pecos
Set-Aside:	General Population
Type of Area:	Rural
Region:	12
Type of Development:	New Construction
Population Served:	General Population
Units:	47 HTC units and 1 employee unit

2008 Allocation:	$433,000
Allocation per HTC Unit:	$9,213
Prior Board Actions:	7/08 – Approved award of tax credits
Underwriting Reevaluation:	The underwriting would involve the same land as originally proposed and the underwriting cost used to determine the credit amount and the credit amount recommended would not change.
Staff Recommendation:	**Staff recommends approving the request because the amended development proposal is equivalent to the original plan.**
Penalty Assessment:	**Staff recommends no assessment of penalties because the change was requested prior to its implementation.**

HTC No. 08300, Blackshear

Summary of Request: The owner requested approval to add eight additional sites to the development plan. The development is comprised of single family residences (units) and the number of residences, unit mix and net rentable area would remain the same under the amended development proposal as in the original plan.

The development did not score points for a PreApplication. Therefore, the change would not have affected the score of the application. However, the change is related to the Threshold requirements of the application because the requirements call for the development's land to have been under the control of the applicant throughout the application review period. Both the original land and the land to be added under the amendment request is being sold to the owner by the City of San Angelo but the new land was not under the control of the development owner throughout the application review period as required by the 2009 QAP.

Owner:	Blackshear Properties of San Angelo, LLC
General Partner:	Community Development Properties, San Angelo, Inc. (Nonprofit)
Developers:	NDC Housing Development Corporation, Galilee Community Development Corporation
Principals/Interested Parties:	NDC Housing Development Corporation, Galilee Community Development Corporation
Syndicator:	NDC Corporate Equity Fund VIII, LP
Construction Lender:	First Financial Bankshares
Permanent Lender:	City of San Angelo
Other Funding:	NA
City/County:	San Angelo/Tom Green
Set-Aside:	General Population
Type of Area:	Urban
Region:	12
Type of Development:	New Construction
Population Served:	General Population
Units:	20 HTC units (single-family residences)
2008 Allocation:	$316,123
Allocation per HTC Unit:	$15,806
Prior Board Actions:	7/08 – Approved award of tax credits
Underwriting Reevaluation:	No change in the credit amount prior to review of the TCAP application was recommended. Approval of this amendment request should be conditioned on receipt by cost certification of a certification from the provider of the ESA indicating whether or not additional action was required in relation to the recognized environmental concerns discussed in the report dated July 1, 2009. If such action were required, receipt, review and acceptance of evidence that all recommendations for action with regard to the environmental findings are required.
Staff Recommendation:	**Staff recommends denying the request because the change would not have passed Threshold requirements.**
Penalty Assessment:	**Staff recommends no assessment of penalties because the change was requested prior to its implementation.**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: File

From: Audrey Martin, Real Estate Analysis Division

Cc: Ben Sheppard, Multifamily Finance Production Division

Date: July 31, 2009

Re: Request for Amendment – Villas at Henderson Place, TDHCA #060629

Background
The development is a 2006 4% housing tax credit / tax-exempt bond development that received an allocation of tax credits in October 2006 in the amount of $407,847. The Owner submitted the cost certification documentation on January 13, 2009 for the issuance of IRS Forms 8609.

Amendment Request
The Owner requested approval for the dedication of 2.125 acres of the 19.89 acre site to the City of Cleburne. This was for the dedication of the road that provides ingress /egress to the site, North Hyde Park Boulevard. The site acreage after dedication is 17.765.

Conclusions
The owner has submitted the Cost Certification documentation for this development. The final development costs, as certified by the CPA, are within 5% of Underwriter's estimate at application. Additionally, the site acquisition cost has not changed from what was proposed at application. The Underwriter has allowed the use of the entire acquisition price, rather than prorating the cost for the acreage that remains on the site. However, even if the acquisition cost was prorated, the underwriting of the transaction would not be negatively affected.

The Underwriter's analysis finds that the requested modification does not have a negative impact on the underwriting of the transaction. Staff does not recommend a change to the tax credit award prior to finalization of the Cost Certification review process.

<u>TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS</u>

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: October 4, 2006 **PROGRAM:** 4% HTC/MRB/HTF **FILE NUMBER:** 060629

DEVELOPMENT NAME

Villas at Henderson Place

APPLICANT

Name:	Cleburne Villas Apartments, L.P.	**Contact:**	G. Granger MacDonald		
Address:	2951 Fall Creek Road				
City	Kerrville	**State:**	TX	**Zip:**	78028
Phone:	(830) 257-5323	**Fax:**	(830) 257-3168	**Email:**	gmacdonald@macdonald-companies.com

KEY PARTICIPANTS

Name:	Cleburne Villas Developers, LLC	**Title:**	.01% Managing General Partner of Applicant
Name:	Wolco Development, LLC	**Title:**	33.33% Owner of MGP
Name:	John Wolcott	**Title:**	100% Owner of Wolco Development, LLC
Name:	Resolution Real Estate Services, Inc	**Title:**	33.33% Owner of MGP
Name:	J. Steve Ford	**Title:**	100% Owner of Resolution Real Estate Services, Inc.
Name:	G. G. MacDonald, Inc.	**Title:**	33.33% Owner of MGP
Name:	G. Granger MacDonald	**Title:**	75% Owner of G. G. MacDonald, Inc.
Name:	T. Justin MacDonald	**Title:**	25% Owner of G. G. MacDonald, Inc.

PROPERTY LOCATION

Location:	1648 W. Henderson		
City:	Cleburne	**Zip:**	76031
County:	Johnson	**Region:**	3

☐ **QCT** ☐ **DDA**

REQUEST

Program	Amount	Interest Rate	Amortization	Term
HTC	$407,847	N/A	N/A	N/A
MRB (Tax-Exempt)	$7,200,000	6%	30 yrs	30 yrs
HTF	$700,000	0%	25 yrs	30 yrs

Proposed Use of Funds:	New construction	**Type:**	Multifamily
Target Population:	Intergenerational Housing	**Other:**	Urban/Exurban

RECOMMENDATION

☒ RECOMMEND APPROVAL OF ISSUANCE OF $7,200,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 5.65% AND REPAYMENT TERM OF 15 YEARS WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $407,847 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED $700,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER THE LAST 25 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance by commitment of documentation verifying the appropriate zoning of all portion of the site with residential buildings for the use as planned.
2. Receipt, review, and acceptance of an addendum from the ESA provider addressing the issues of noise prior to determination notice.
3. Receipt, review, and acceptance of a revised market study redefining the market area to be consistent with the population limitations in the 2006 TDHCA Market Analysis Rules and Guidelines.
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 and or allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

The Applicant submitted a 2005 application for tax-exempt mortgage revenue bonds, tax credits associated with the bonds, and a Housing Trust Fund allocation. Although the application for bonds and tax credits did not move forward, a Housing Trust Fund Rental Development Loan Commitment was issued for $700,000 with an annual interest rate of 0% with a loan term of thirty (30) years fully amortizing over the last twenty-five (25) years of the loan on September 1, 2005. The commitment for a HTF allocation indicates the project will include a total of 180 multifamily units in 19 residential buildings with 19 HTF units. Of the 19 HTF units, 10 must be affordable to households with incomes at or below 60% of AMFI and nine units must be affordable to households with incomes at or below 30% of AMFI. The HTF set-asides appear to have been met based on the submitted rent schedule.

The Housing Trust Fund award was not previously underwritten due to the certain infeasibility conclusion that would have been made without a reservation or allocation for tax credits or bonds. The structure of the HTF loan was determined based on the Applicant’s request and has now been agreed to by the Department in the form of a contract. Deferring the HTF payment for five years as planned increased the risk that repayment will not be made. Had the HTF loan been underwritten with all other financing, the recommended structure would have been to match term and amortization and require repayment to begin immediately upon conversion to permanent status. The validity of the HTF contract may still be in question given that the original development and Board approval contemplated more total units although the same number of HTF-restricted units (19). If the contract for HTF can be restructured a matching term and amortization should be pursued.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 140 **# Res Bldgs** 20 **# Non-Res Bldgs** 2 **Age:** N/A yrs

Net Rentable SF: 137,068 **Av Un SF:** 979 **Common Area SF:** 5,248 **Gross Bldg SF:** 142,316

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab subfloor. According to the plans provided in the application the exterior will be 25% masonry veneer, 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 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: laundry connections, ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

ONSITE AMENITIES

In order to meet threshold criteria for total units of 100 or more, the Applicant has elected to provide community laundry room, controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 324 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Villas at Henderson Place is a 7-unit per acre new construction Intergenerational development located in western Cleburne. The development is comprised of five family walk-up residential buildings containing 60 units and fifteen senior garden style buildings containing 80 units as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2 Family	2	8	8	0
3 Family	2	0	8	8
6 Senior	1	4	0	0
9 Senior	1	0	4	0

The development includes a 3,128-square foot family community building and a 2,120-square foot senior community building.

While the development plan reflects separate leasing facilities, the Underwriter is concerned with regard to the Applicant's awareness of the Department's requirement for separate leasing personnel for the seniors units and family units for in a development characterized as "intergenerational." The site plan labels only one of the common area buildings as a leasing office which will be located in the community building associated with the family units. The second building is listed as a recreational building but appears to include an office. Also, when questioned about administrative and payroll operating expenses, the Applicant indicated the development would be run as one property with no effect on personnel. The Applicant should be made aware of the requirements for intergenerational developments that have been approved since the HTF application was first submitted.

SITE ISSUES

SITE DESCRIPTION

Total Size:	19.898 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	MR & SF-4	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at the northwest corner of W. Henderson (US Highway 67) and Hyde Part Court in western Cleburne in Johnson County. Cleburne is located approximately 29 miles south of Fort Worth and approximately 55 miles southwest of Dallas and approximately 60 miles northwest of Waco.

Adjacent Land Uses:

- **North:** undeveloped land and a multi-family residential apartment immediately adjacent and Woodward Avenue beyond;
- **South:** single-family residential houses and commercial businesses immediately adjacent and West Henderson Street/US Highway 67 business beyond;
- **East:** single-family residential immediately adjacent and vacant land beyond;
- **West:** residential duplexes immediately adjacent and Nolan River Road beyond.

Site Access: US Highway 67 which bisects the City of Cleburne in a northeast-southwest direction is located west of the site which provides direct access to all areas of the city.

Public Transportation: Public transportation to the area is provided by Cletran.

Shopping & Services: "Access to supportive retail and service facilities within the immediate Cleburne market area is considered excellent along the corridors of West Henderson Street or US Highway 67. Retail and service facilities along this major traffic corridor include grocery stores, drug stores, restaurants, financial institutions, and multi-purpose stores." (p. II-8)

Adverse Site Characteristics:

Zoning: The boundary for the SF-4 zoning on the eastern portion of the property is not shown in application materials. Receipt, review, and acceptance by commitment of documentation verifying the appropriate zoning of all portion of the site with residential buildings for the use as planned is a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff **Date:** 9/21/2006

Overall Assessment: ☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Comments:

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 10, 2006 was prepared by Alpha Testing, Inc. and contained the following findings and recommendations:

Findings:

- **Noise:** This issue was not addressed in the Environmental Assessment Report.
- **Floodplain:** "The Site is located within Zone X, which is outside the 100-year and 500-year floodplain zones, according to the Federal Emergency Managements Agency's (FEMA) flood Insurance Rate Map Number 48251C; Panel 0113G, revised 1993." (p. 19)
- **Asbestos-Containing Materials (ACM):** "The Site is currently vacant land; therefore, suspect asbestos containing materials (ACM) were not observed at the Site during the visual survey." (p. 16)
- **Lead-Based Paint (LBP)**: "The Site is currently vacant land; therefore, suspect Lead-Based Paints were not observed at the Site during the visual survey." (p. 16)
- **Lead in Drinking Water:** "Based on a review of the Cleburne West, Texas, USGS Topographic Map, the US. Department of the Interior National Wetland Inventory (NVVI) Map dated 1992, and on-site observations, it appears that the site does not contain potential waters of the U.S. and or wetlands as defined and regulated by federal authority under 33 CFR Parts 320-330." (p. 18)
- **Radon:** "Based on a review of Map of Radon Zones developed by the EPA and U.S. Geological Survey, the Site is located in EPA Zone 3, which indicates radon concentrations below 2 pCi/l. Based on a review of The Texas Indoor Radon Survey 1992, prepared by the Texas Department of Health (TSH), Bureau of Radiation Control, the Site is located in Fort Worth, Tarrant County, Texas. The mean residential radon measurement from the survey for Tarrant County is 1. lpCill. The EPA recommends a guideline "action level" of 4.0 pCi/l for annual average indoor radon concentrations. Based on this information, the Site is considered to have a low potential for elevated levels of radon gas." (p. 19)

Recommendations: **"**This Phase I ESA Update has revealed no evidence of recognized environmental conditions in connection with the Site." (p. 14)

Receipt, review, and acceptance of an addendum from the ESA provider addressing the issues of noise prior to determination notice is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All of the units (100% of the total) will be reserved for low-income tenants. Nine of the units (6%) will be reserved for households earning 30% or less of AMI, and one-hundred thirty-one units (94%) will be reserved for households earning 60% or less of AMI. In addition, the HTF commitment indicates the development must have 19 HTF units with nine set-aside to be affordable at or below 30% of AMFI.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	$26,640	$30,420	$34,260	$38,040	$41,100	$44,100

MARKET HIGHLIGHTS

A market feasibility study dated March 7, 2006 and updated August 17, 2006 was prepared by Mark C. Temple & Associates, LLC ("Market Analyst") and included the following findings:

Secondary Market Information: "The Secondary Market Area includes the surrounding counties of the North Central Texas Region." (p. II-3)

Definition of Primary Family Market Area (PMA): "The primary or defined market area for the Cleburne Villas at Henderson Place Apartments is considered Johnson County, which includes the City of Cleburne and is described by the following farthest boundaries: North-Tarrant County, South-Hill and Bosque Counties, East-Ellis County, and west-Hood County" (p. II-1) This area encompasses approximately 735 square miles and is equivalent to a circle with a radius of 15.3 miles

Definition of Primary Senior Market Area (PMA): "The primary or defined market area for the Cleburne Villas at Henderson Place Apartments is considered Johnson County, which includes the City of Cleburne and is described by the following farthest boundaries: North-Tarrant County, South-Hill and Bosque Counties, East-Ellis County, and west-Hood County" (p. II-1) This area encompasses approximately 735 square miles and is equivalent to a circle with a radius of 15.3 miles. This is an extraordinarily large market area for a family development in a suburban market.

Population: The estimated 2006 family population of the PMA was 145,427 and is expected to increase by 16% to approximately 168,955 by 2011. Within the primary market area there were estimated to be 51,462 family households in 2006. The population for the family portion of the development exceeds the allowable 100,000 people according to TDHCA guidelines. Receipt, review, and acceptance of a revised market study redefining the family market area consistent with the TDHCA Market Analysis Rules and Guidelines is a condition of this report.

The estimated 2006 senior population of the PMA was 30,192 and is expected to increase by 29% to approximately 38,836 by 2011. Within the primary market area there were estimated to be 17,824 elderly households in 2006.

Total Family Market Demand: The Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 100%. The Analyst's income band of $21,390 to $41,100 results in an income eligible adjustment rate of 28.5%. The tenure appropriate adjustment rate of 27% is specific to the general population. The Market Analyst indicates a turnover rate of 66% applies based on information obtained from the 2005 IREM statistics. (p. 2)

FAMILY MARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter (100K Pop)	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	358	12%	80	4%
Resident Turnover	2,602	88%	1,836	96%
TOTAL DEMAND	**2,960**	**100%**	**1,916**	**100%**

Inclusive Family Capture Rate: The Market Analyst calculated an inclusive capture rate of 8% based upon 2,960 units of demand and 236 unstabilized affordable housing in the PMA (including the subject and Cimmeron Springs, #05029) (p. IX-7). The Underwriter adjusted the demand number based on the proration of the population number of 145,427 adjusted to 100,000 to determine a demand of 1,916. This results in an capture rate 12.3%, still within the Department's guidelines.

Total Senior Market Demand: The Market Analyst utilized a target household adjustment rate of 100% and a household size-appropriate adjustment rate of 100%. The Analyst's income band of $10,680 to $34,260 results in an income eligible adjustment rate of 38.6%. The tenure appropriate adjustment rate of 27% is specific to the target population. The Market Analyst indicates a turnover rate of 66% applies based on information obtained from the 2005 IREM statistics. (p. 2)

SENIOR MARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	180	14%	98	7%
Resident Turnover	1,111	86%	1,280	93%
TOTAL DEMAND	**1,291**	**100%**	**1,378**	**100%**

Inclusive Senior Capture Rate: The Market Analyst calculated an inclusive capture rate of 4.6% based upon 1,291 units of demand and 60 unstabilized affordable housing in the PMA (including the subject) (p. IX-3). The Underwriter calculated an inclusive capture rate of 4.4% based upon a revised demand estimate for 1,378 affordable units.

Unit Mix Conclusion: "The unit mix of the subject project was determined by the project sponsor based upon previous project experience in the market area and feedback from the local community such as the city of Cleburne and the Cleburne Housing Authority" (p. II-3)

Market Rent Comparables: The Market Analyst surveyed nine comparable apartment projects totaling 1,144 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (30%)	$240	$240	$0	$627	-$387
1-Bedroom (60%)	$597	$597	$0	$627	-$30
2-Bedroom (60%)	$716	$716	$0	$721	-$5
3-Bedroom (60%)	$826	$826	$0	$828	-$2

(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 level of the market area is presently 100 percent." (p. VII-1).

Absorption Projections: "Based upon current positive multi-family indicators and present absorption levels of 10 to 15 units per month, it is estimated that a 95+ percent occupancy level can be achieved in a 9 to 14 month time frame." (p. IX-8)

Unstabilized, Under Construction, and Planned Development: "The Texas Department of Housing and Community Affairs approved the Cimarron Springs Apartments under the 2005 Tax Credit Application Year. The 156 unit family apartment project is located approximately 4.6 miles northeast of the subject project." (p. X-1)

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of July 20, 2006, provided by Cirro Energy and Cleburne Housing, 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 $20 per unit per month exceeds the underwriting guideline of $15 per unit per month. However, the Underwriter was able to support an increase in the underwriting of secondary income per unit per month to $20 based on additional data provided by the Applicant of an existing development. The Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expenses: The Applicant's total annual operating expense projection at $3,609 per unit is within 5% of the Underwriter's estimate of $3,776, derived from the TDHCA database and third party sources. The

Applicant's budget shows one line item, however, that deviates significantly when compared to the Underwriter's estimate, general and administrative ($13.3K lower). The Department has limited operating data available for intergenerational developments but it is likely that expenses for payroll and utilities will be higher than typical expenses. Therefore it is likely that the Underwriter's expenses and therefore the Applicant's expenses are understated.

Conclusion: The Applicant's estimated effective gross income and operating expense are consistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity. Both the Underwriter's and the Applicant's debt service support the proposed debt with a 1.10 and 1.30 debt coverage ratio.

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: (29.484) acres	$103,194	**Assessment for the Year of:**	2006
Prorated: 1 acre	$3,500	**Valuation by:**	Johnson County Appraisal District
Prorated value: 19.898 ac.	$69,643	**Tax Rate:**	2.956486

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved commercial property contract (19.898 acres)		
Contract Expiration:	6/15/2005 and a 150 day extension	**Valid through Board Date?**	☐ Yes ☒ No
Acquisition Cost:	$538,000	**Other:**	Extension fees shall be over and above contract price
Seller:	Reuben L & Sarah Willis	**Related to Development Team?**	☐ Yes ☒ No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: Fees paid to extend closing do not apply to the contract price of $538,800. As of underwriting, the Applicant has extended the closing date three times at a total cost of $57,280. Therefore the total site cost is $538,000 plus $57,280, or $595,280. The final site cost of $29,920 per acre or $4,252 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,461 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 $334.7K or 5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $11,586,549 supports annual tax credits of $420,592. 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: CitiBank **Contact:** Robert Onion

Tax-Exempt: $7,200,000 **Interest Rate:** 5.65%, variable, lender's estimate **Amort:** 360 months

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

Comments: Letter of Credit as credit enhancement; Borrower to execute cap on interest rate through swap

TAX CREDIT SYNDICATION

Source: Boston Capital **Contact:** Thomas Dixon

Proceeds: $3,869,761 **Net Syndication Rate:** 95% **Anticipated HTC:** $407,384/year

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

Comments:

OTHER

Amount: $969,430 **Source:** Deferred Developer Fee

Amount: $444,638 **Source:** Reinvestment Earnings/Construction Period

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and privately placed by Citibank Texas. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Funding by TDHCA: HTF funds of $700,000, structured as a 30 year term fully amortizing over the last 25 years at 0% interest were awarded in 2005. The commitment expires in September 2007. As discussed above, this commitment should be revised to match amortization if possible. In that case, it would result in a still acceptable 1.1l DCR based on the Applicant's NOI.

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 $444,638 in proceeds from construction earning period. This amount will be added to the proposed deferred developer's fees for a total of $1,414,068 or 94% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of $7,200,000 and the HTF loan for $700,000 indicates the need for $5,283,829 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $556,248 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($407,847), the gap-driven amount ($556,248), and eligible basis-derived estimate ($420,592), the Applicant's request of $407,847 is recommended resulting in proceeds of $3,874,159 based on a syndication rate of 95%.

The Underwriter's recommended financing structure indicates the need for $1,409,670 in additional permanent funds. Deferred developer in this amount does not appear to be repayable from development cash flow within ten years of stabilized operation, but appears 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.

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 33.33% Owner of the General Partner, Wolco Development, LLC, submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $2.6M and consisting of $99K in cash, and $2.5M in receivables. Liabilities totaled $51K, resulting in a net worth of $2.6M.
- The 33.33% Owner of the General Partner, G.G. MacDonald, Inc., submitted an unaudited financial statement as of December 31, 2005 reporting total assets of $35.8M and consisting of $7K in cash, $5M in receivables, $30M in construction in progress, and $507K in long term assets. Liabilities totaled $35.8M, resulting in a net worth of $14K.
- The 33.33% 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 receivables, $75K in stocks and securities, and $25K in machinery. Liabilities totaled $110K, resulting in a net worth of $3.8M.
- The principals of the General Partner, John Wolcott, Steve Ford, and G.G. MacDonald submitted unaudited financial statements as of March 31, 2006, and are anticipated to be guarantors of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

Underwriter:	*Carl Hoover*	**Date:**	October 4, 2006
Reviewing Underwriter:	*Lisa Vecchietti*	**Date:**	October 4, 2006
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	October 4, 2006

MULTIFAMILY COMPARATIVE ANALYSIS

Villas at Henderson Place, Cleburne, 4% HTC/MRB #060629 & HTF #05246

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/HTF (60%)	16	1	1	652	$713	$597	$9,552	$0.92	$116.00	$20.00
TC/HTF (30%)	9	1	1	814	356	$240	2,160	0.29	116.00	20.00
TC/HTF (60%)	15	1	1	814	713	$597	8,955	0.73	116.00	20.00
TC/HTF (60%)	40	2	2	1,002	856	$716	28,640	0.71	140.00	20.00
TC/HTF (60%)	36	2	2	1,043	856	$716	25,776	0.69	140.00	20.00
TC/HTF (60%)	24	3	2	1,228	989	$826	19,824	0.67	163.00	20.00
TOTAL:	140		AVERAGE:	979	$815	$678	$94,907	$0.69	$137.09	$20.00

INCOME				TDHCA	APPLICANT			
	Total Net Rentable Sq Ft: 137,068					Comptroller's Region		3
POTENTIAL GROSS RENT				$1,138,884	$1,138,884	IREM Region		Fort Worth
Secondary Income		Per Unit Per Month:	$20.00	33,600	33,600	$20.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,172,484	$1,172,484			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(87,936)	(87,936)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$1,084,548	$1,084,548			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.95%	$383	0.39	$53,639	$40,350	$0.29	$288	3.72%
Management		3.70%	286	0.29	40,103	43,382	0.32	310	4.00%
Payroll & Payroll Tax		12.55%	972	0.99	136,123	135,160	0.99	965	12.46%
Repairs & Maintenance		5.83%	451	0.46	63,182	65,780	0.48	470	6.07%
Utilities		3.39%	262	0.27	36,720	29,000	0.21	207	2.67%
Water, Sewer, & Trash		1.99%	154	0.16	21,600	21,600	0.16	154	1.99%
Property Insurance		2.52%	196	0.20	27,383	28,000	0.20	200	2.58%
Property Tax	2.956486	9.51%	737	0.75	103,171	95,200	0.69	680	8.78%
Reserve for Replacements		2.58%	200	0.20	28,000	28,000	0.20	200	2.58%
Supp serv & compl fees		1.73%	134	0.14	18,738	18,738	0.14	134	1.73%
TOTAL EXPENSES		48.74%	$3,776	$3.86	$528,659	$505,210	$3.69	$3,609	46.58%
NET OPERATING INC		51.26%	$3,971	$4.06	$555,888	$579,338	$4.23	$4,138	53.42%
DEBT SERVICE									
CitiBank		45.99%	$3,562	$3.64	$498,732	$494,393	$3.61	$3,531	45.59%
HTF-TDHCA		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.27%	$408	$0.42	$57,157	$84,945	$0.62	$607	7.83%
AGGREGATE DEBT COVERAGE RATIO					1.11	1.17			
RECOMMENDED DEBT COVERAGE RATIO						1.16			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.40%	$4,252	$4.34	$595,280	$595,280	$4.34	$4,252	4.52%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.72%	7,461	7.62	1,044,500	1,044,500	7.62	7,461	7.92%
Direct Construction		50.03%	48,332	49.37	6,766,542	6,431,843	46.92	45,942	48.79%
Contingency	3.84%	2.22%	2,143	2.19	300,000	300,000	2.19	2,143	2.28%
General Req'ts	5.74%	3.32%	3,203	3.27	448,469	448,469	3.27	3,203	3.40%
Contractor's G & A	1.91%	1.11%	1,068	1.09	149,522	149,522	1.09	1,068	1.13%
Contractor's Profit	5.74%	3.32%	3,203	3.27	448,469	448,469	3.27	3,203	3.40%
Indirect Construction		3.52%	3,400	3.47	476,000	476,000	3.47	3,400	3.61%
Ineligible Costs		6.30%	6,086	6.22	852,000	852,000	6.22	6,086	6.46%
Developer's G & A	1.92%	1.48%	1,427	1.46	199,766	199,766	1.46	1,427	1.52%
Developer's Profit	12.46%	9.60%	9,275	9.47	1,298,480	1,298,480	9.47	9,275	9.85%
Interim Financing		5.84%	5,639	5.76	789,500	789,500	5.76	5,639	5.99%
Reserves		1.16%	1,120	1.14	156,758	150,000	1.09	1,071	1.14%
TOTAL COST		100.00%	$96,609	$98.68	$13,525,286	$13,183,829	$96.18	$94,170	100.00%
Construction Cost Recap		*67.71%*	***$65,411***	***$66.81***	***$9,157,502***	***$8,822,803***	***$64.37***	***$63,020***	*66.92%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
CitiBank	53.23%	$51,429	$52.53	$7,200,000	$7,200,000	$7,200,000	Developer Fee Available
HTF-TDHCA	5.18%	$5,000	$5.11	700,000	700,000	700,000	$1,498,246
HTC Syndication Proceeds	28.61%	$27,641	$28.23	3,869,761	3,869,761	3,874,159	% of Dev. Fee Deferred
Deferred Developer Fees	10.45%	$10,100	$10.32	1,414,068	1,414,068	1,409,670	94%
Additional (Excess) Funds Req'd	2.52%	$2,439	$2.49	341,457	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$13,525,286	$13,183,829	$13,183,829	$2,357,821

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Villas at Henderson Place, Cleburne, 4% HTC/MRB #060629 & HTF #05246

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$50.09	$6,865,325
Adjustments				
Exterior Wall Finish	2.00%		$1.00	$137,306
Elderly/9-Ft. Ceilings	4.29%		2.15	294,228
Roofing			0.00	0
Subfloor			(1.49)	(204,688)
Floor Cover			2.22	304,291
Porches/Balconies	$25.07	21,620	3.95	542,085
Plumbing	$680	264	1.31	179,520
Built-In Appliances	$1,675	140	1.71	234,500
Exterior Stairs	$1,900	20	0.28	38,000
Enclosed Corridors	$40.17		0.00	0
Heating/Cooling			1.73	237,128
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$62.87	5,248	2.41	329,955
Other:			0.00	0
SUBTOTAL			65.35	8,957,650
Current Cost Multiplier	1.07		4.57	627,035
Local Multiplier	0.86		(9.15)	(1,254,071)
TOTAL DIRECT CONSTRUCTION COSTS			$60.78	$8,330,614
Plans, specs, survy, bld prmts	3.90%		($2.37)	($324,894)
Interim Construction Interest	3.38%		(2.05)	(281,158)
Contractor's OH & Profit	11.50%		(6.99)	(958,021)
NET DIRECT CONSTRUCTION COSTS			$49.37	$6,766,542

PAYMENT COMPUTATION

Primary	$7,200,000	Amort	360
Int Rate	5.65%	DCR	1.11
Secondary	$700,000	Amort	
Int Rate		Subtotal DCR	1.11
Additional	$3,869,761	Amort	
Int Rate		Aggregate DCR	1.11

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$498,732
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$80,606

Primary	$7,200,000	Amort	360
Int Rate	5.65%	DCR	1.16
Secondary	$700,000	Amort	300
Int Rate	0.00%	Subtotal DCR	1.16
Additional	$3,869,761	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

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

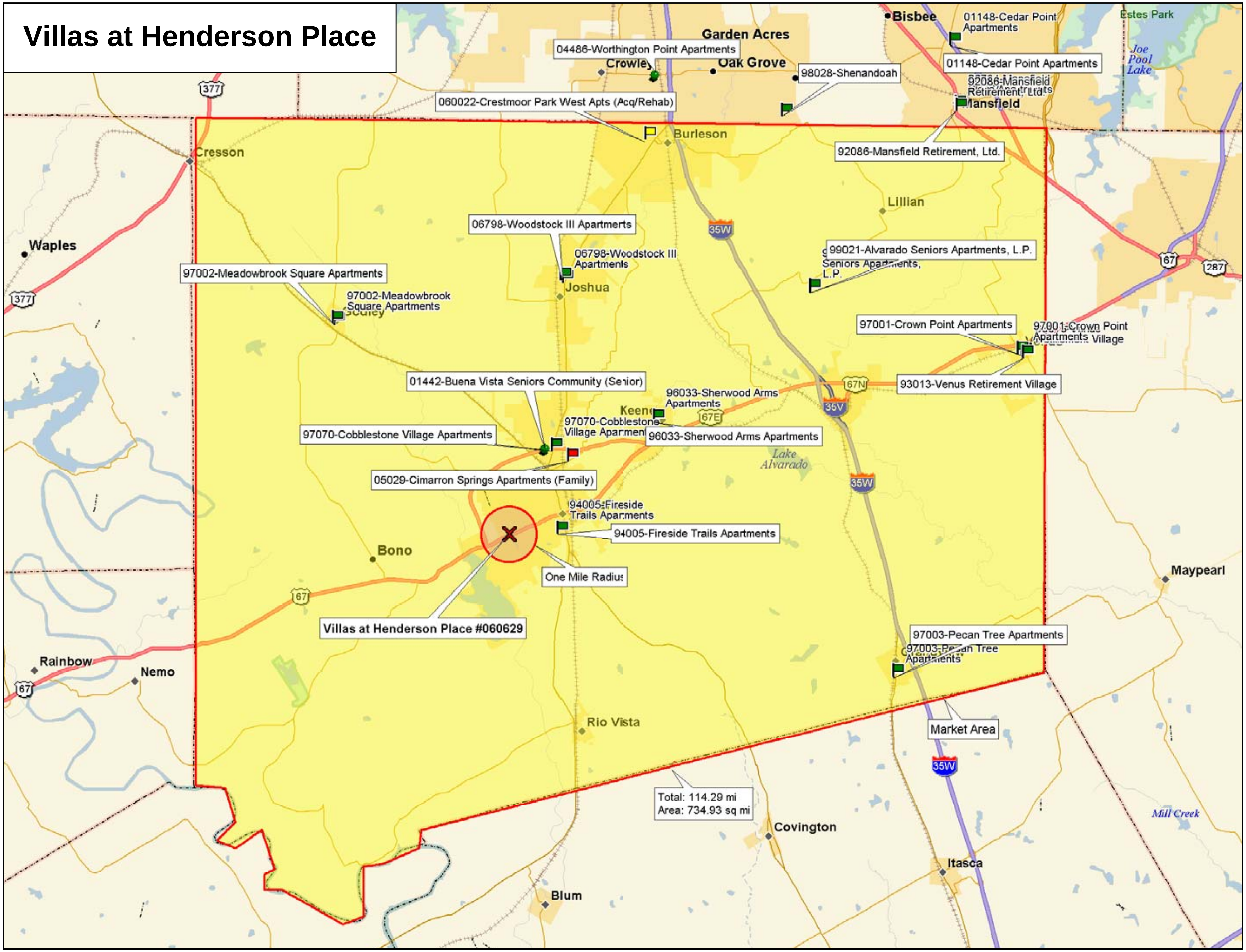
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,138,884	$1,173,051	$1,208,242	$1,244,489	$1,281,824	$1,485,985	$1,722,664	$1,997,040	$2,683,855
Secondary Income	33,600	34,608	35,646	36,716	37,817	43,840	50,823	58,918	79,181
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,172,484	1,207,659	1,243,888	1,281,205	1,319,641	1,529,826	1,773,487	2,055,958	2,763,035
Vacancy & Collection Loss	(87,936)	(90,574)	(93,292)	(96,090)	(98,973)	(114,737)	(133,012)	(154,197)	(207,228)
Employee or Other Non-Rental U	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,084,548	$1,117,084	$1,150,597	$1,185,115	$1,220,668	$1,415,089	$1,640,476	$1,901,761	$2,555,808
EXPENSES at 4.00%									
General & Administrative	$40,350	$41,964	$43,643	$45,388	$47,204	$57,431	$69,873	$85,011	$125,838
Management	43,382	44683.4476	46023.95107	47404.6696	48826.80969	56603.6546	65619.14929	76070.57855	102232.4965
Payroll & Payroll Tax	135,160	140,566	146,189	152,037	158,118	192,375	234,053	284,762	421,517
Repairs & Maintenance	65,780	68,411	71,148	73,994	76,953	93,625	113,910	138,589	205,145
Utilities	29,000	30,160	31,366	32,621	33,926	41,276	50,219	61,099	90,441
Water, Sewer & Trash	21,600	22,464	23,363	24,297	25,269	30,744	37,404	45,508	67,363
Insurance	28,000	29,120	30,285	31,496	32,756	39,853	48,487	58,992	87,322
Property Tax	95,200	99,008	102,968	107,087	111,371	135,499	164,856	200,572	296,896
Reserve for Replacements	28,000	29,120	30,285	31,496	32,756	39,853	48,487	58,992	87,322
Other	18,738	19,488	20,267	21,078	21,921	26,670	32,448	39,478	58,437
TOTAL EXPENSES	$505,210	$524,985	$545,537	$566,898	$589,100	$713,929	$865,356	$1,049,073	$1,542,513
NET OPERATING INCOME	$579,338	$592,100	$605,060	$618,216	$631,568	$701,160	$775,120	$852,688	$1,013,295
DEBT SERVICE									
First Lien Financing	$498,732	$498,732	$498,732	$498,732	$498,732	$498,732	$498,732	$498,732	$498,732
Second Lien	0	0	0	0	0	28,000	28,000	28,000	28,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$80,606	$93,368	$106,328	$119,484	$132,836	$174,428	$248,388	$325,957	$486,563
DEBT COVERAGE RATIO	1.16	1.19	1.21	1.24	1.27	1.33	1.47	1.62	1.92

)CATION ANALYSIS -Villas at Henderson Place, Cleburne, 4% HTC/MRB #060629 & H

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	$595,280	$595,280		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,044,500	$1,044,500	$1,044,500	$1,044,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$6,431,843	$6,766,542	$6,431,843	$6,766,542
(4) Contractor Fees & General Requirements				
Contractor overhead	$149,522	$149,522	$149,522	$149,522
Contractor profit	$448,469	$448,469	$448,469	$448,469
General requirements	$448,469	$448,469	$448,469	$448,469
(5) Contingencies	$300,000	$300,000	$300,000	$300,000
(6) Eligible Indirect Fees	$476,000	$476,000	$476,000	$476,000
(7) Eligible Financing Fees	$789,500	$789,500	$789,500	$789,500
(8) All Ineligible Costs	$852,000	$852,000		
(9) Developer Fees				
Developer overhead	$199,766	$199,766	$199,766	$199,766
Developer fee	$1,298,480	$1,298,480	$1,298,480	$1,298,480
(10) Development Reserves	$150,000	$156,758		
TOTAL DEVELOPMENT COSTS	$13,183,829	$13,525,286	$11,586,549	$11,921,248

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		$11,586,549	$11,921,248
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$11,586,549	$11,921,248
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$11,586,549	$11,921,248
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		$420,592	$432,741
Syndication Proceeds	**0.9499**	**$3,995,222**	**$4,110,631**
Total Tax Credits (Eligible Basis Method)		**$420,592**	**$432,741**
Syndication Proceeds		**$3,995,222**	**$4,110,631**
Requested Tax Credits		**$407,847**	
Syndication Proceeds		**$3,874,159**	
Gap of Syndication Proceeds Needed		**$5,283,829**	
Total Tax Credits (Gap Method)		**$556,248**	

Villas at Henderson Place



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report: Second Addendum

REPORT DATE: 06/18/09 PROGRAM: 9% HTC/HOME FILE NUMBER: **08264**

DEVELOPMENT

Cambridge Crossing

Location: Bragg Ave and Cambridge St Region: 3

City: Corsicana County: Navarro Zip: 75110 ☐ QCT ☒ DDA

Key Attributes: Multifamily, Elderly, Rural, New Construction

ALLOCATION

	PREVIOUSLY APPROVED REQUEST			**CURRENT RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$1,320,000	4.50%	30/18	$1,320,000	4.50%	30/18
Housing Tax Credit (Annual)	$655,832			**$655,832**		

* The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

CONDITIONS

1 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT CONCERNS

- The Owner has not secured an investor for the development.
- The Underwriter's expense to income ratio above 65%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.

AMENDMENT

Background

• Original Award: Development originally underwritten during the 2008 9% HTC cycle; approved for an annual tax credit allocation of $578,144 and a HOME award of $420,000 structured as a loan at AFR with a term of 18 years and amortization of 30 years, subject to conditions.

• Credit Increase: Subsequent to this award the TDHCA Board, at its November 2008 meeting, approved an additional allocation of tax credits to all 2007 and 2008 competitive HTC applications based upon an additional 10% increase in the direct and site work construction costs. As a result, the subject development received an additional $77,688 in annual tax credits for a total annual allocation of $655,832.

• HOME Loan Increase: In February 2009 the Board approved an increase in the amount of the HOME loan from $420,000 to $1,320,000.

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Requested Changes

- Number of Buildings: Increase from 9 to 20.
- Number of Building Types: Decrease from 5 to 2.
- Number of Unit Types: Increase from 4 to 7.
- Change in Unit Floor Plans:
  - 1 Bedroom / 1 Bath - Reduction of 43 square feet. Affects 2 units.
  - 2 Bedroom / 2 Bath - A bathroom was added to 3 units that were formerly 2 bedroom / 1 bath units.
- Total Parking Spaces: Increase from 65 to 120.
- Carports: Decrease from 40 to 38.
- Exterior Composition:
  - Cottage Buildings - Change from 25% masonry and 75% hardiplank to 100% hardiplank.
  - Low-Rise Building - Change from 15% masonry and 85% hardiplank to 25% masonry and 75% hardiplank.

FINANCING STRUCTURE

Source: TDHCA HOME | Type: **Permanent Financing**

Permanent: $1,320,000 | Interest Rate: 4.5% | [x] Fixed | Amort: 360 months

Comments:

The HOME loan was increased from $420,000 to $1,320,000 via an amendment to the HOME award approved by the TDHCA Board on February 5, 2009.

Source: None Identified | Type: **Syndication**

Proceeds: $4,983,326 | Syndication Rate: 76% | Anticipated HTC: $ 655,832

Comments:

The Owner disclosed that there currently is no syndicator committed to purchase the tax credits. The Owner provided estimated equity proceeds based on a syndication rate of 76%, which is higher than the rate identified in the last commitment letter, 72%, which was used to underwrite the HOME amendment in Feb. 2009. A decrease in the syndication rate below 69.65% could increase the amount of deferred developer fee and render the development financially infeasible. Alternatively, should the final credit price increase to more than 76.45%, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: $30,428 | Type: **Deferred Developer Fees**

CONCLUSIONS

Effect of Changes

- Change in Building Configuration, Unit Configuration, and Exterior Composition: There is no material impact on the underwriting of the transaction. The Owner's development costs did not change as a result of the amendment request. The Underwriter's revised cost analysis indicates an increase of $24K (0.4%) in total development costs and an increase of $47K (1.5%) in direct construction cost compared to the underwriting analysis performed in Feb. 2009. The Underwriter's current total cost estimate is 1.3% lower than the Owner's, and direct construction costs are 1.9% lower than the Owner's.
- Increase in parking spaces: There is no material impact on the underwriting of the transaction. The Underwriter's analysis relies on the Owner's estimate, which has not changed since application.

Feasibility Analysis

- Sources of Funds: The lack of a syndicator is a major concern. The Underwriter performed the analysis based on the assumption that an investor can be found for this development. The Underwriter utilized the same syndication rate that was used when the development was underwritten in February 2009, which was based on a commitment letter from RBC Capital Markets.
- Operations: Under the assumption that an investor can be found, and that the Owner can secure a rate of 72% (consistent with the last commitment letter) both the Underwriter's and Owner's proformas indicate that the development is feasible for 30 years, with sufficient cash flow to repay deferred developer fee.

Underwriter: *Audrey Martin* Date: June 18, 2009

Director of Real Estate Analysis: *Brent Stewart* Date: June 18, 2009

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

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	W&T
TC 30%/LH	2	1	1	705	$266	$180	$360	$0.26	$86.00	$43.00
TC 30%/LH	1	1	1	759	$266	$180	$180	$0.24	$86.00	$43.00
TC 50%/LH	9	1	1	759	$444	$358	$3,222	$0.47	$86.00	$43.00
TC 50%	6	1	1	759	$444	$358	$2,148	$0.47	$86.00	$43.00
TC 50%	2	1	1	788	$444	$358	$716	$0.45	$86.00	$43.00
TC 60%	26	1	1	788	$533	$447	$11,622	$0.57	$86.00	$43.00
TC 50%/LH	1	2	1	835	$533	$422	$422	$0.51	$111.00	$45.00
TC 50%	1	2	2	945	$533	$422	$422	$0.45	$111.00	$45.00
TC 50%	2	2	2	948	$533	$422	$844	$0.45	$111.00	$45.00
TC 60%	8	2	2	948	$640	$529	$4,232	$0.56	$111.00	$45.00
MR	2	2	2	1,044		$662	$1,324	$0.63	$111.00	$45.00
TOTAL:	60		AVERAGE:	816		$425	$25,492	$0.52	$91.83	$43.47

INCOME	Total Net Rentable Sq Ft: 48,966		TDHCA-App Amendment	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	APP-App Amendment	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$305,904	$322,212	$322,212	$323,820	$323,820	$323,820	$307,488	Navarro		3
Secondary Income	Per Unit Per Month:	$10.00	7,200	7,200	7,200	7,200	7,200	7,200	7,200	$10.00	Per Unit Per Month	
Other Support Income:			0	0	0	0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$313,104	$329,412	$329,412	$331,020	$331,020	$331,020	$314,688			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(23,483)	(24,706)	(24,706)	(24,828)	(24,828)	(24,828)	(23,604)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0	0	0	0	0	0			
EFFECTIVE GROSS INCOME			$289,621	$304,706	$304,706	$306,192	$306,192	$306,192	$291,084			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA-App Amendment	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	APP-App Amendment	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.32%	$305	0.37	$18,300	$18,300	$18,300	$11,000	$11,000	$11,000	$11,000	$0.22	$183	3.78%
Management		2.00%	97	0.12	5,792	15,235	15,235	15,195	15,195	15,663	5,830	0.12	97	2.00%
Payroll & Payroll Tax		18.15%	876	1.07	52,553	52,553	52,553	52,440	52,440	52,440	52,440	1.07	874	18.02%
Repairs & Maintenance		7.85%	379	0.46	22,732	22,732	22,732	23,200	23,200	23,200	23,200	0.47	387	7.97%
Utilities		3.73%	180	0.22	10,802	10,802	10,802	11,700	11,700	11,700	11,700	0.24	195	4.02%
Water, Sewer, & Trash		4.26%	206	0.25	12,336	12,336	12,336	20,600	20,600	20,600	20,600	0.42	343	7.08%
Property Insurance		7.20%	348	0.43	20,850	20,850	20,850	20,850	20,850	20,850	20,850	0.43	348	7.16%
Property Tax	2.5031	10.06%	486	0.60	29,136	29,136	29,136	24,000	24,000	24,000	24,000	0.49	400	8.25%
Reserve for Replacements		5.18%	250	0.31	15,000	15,000	15,000	15,000	15,000	15,000	15,000	0.31	250	5.15%
TDHCA Compliance Fees		0.80%	39	0.05	2,320	2,320	2,320	2,320	2,320	2,320	2,320	0.05	39	0.80%
Other: Support Services		0.41%	20	0.02	1,200	1,200	1,200	1,200	1,200	1,200	1,200	0.02	20	0.41%
TOTAL EXPENSES		65.96%	$3,184	$3.90	$191,022	$200,464	$200,464	$197,505	$197,505	$197,973	$188,140	$3.84	$3,136	64.63%
NET OPERATING INC		34.04%	$1,643	$2.01	$98,599	$104,242	$104,242	$108,687	$108,687	$108,219	$102,944	$2.10	$1,716	35.37%
DEBT SERVICE														
JPMorganChase Mortgage		0.00%	$0	$0.00	$0	$0	$63,869	$63,864	$63,864	$83,040	$0	$0.00	$0	0.00%
TDHCA HOME request		27.71%	$1,338	$1.64	80,259	79,040	22,239	21,708	21,708	10,500	80,258	$1.64	$1,338	27.57%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		6.33%	$306	$0.37	$18,340	$25,202	$18,134	$23,115	$23,115	$14,679	$22,686	$0.46	$378	7.79%
AGGREGATE DEBT COVERAGE RATIO					1.23	1.32	1.21	1.27	1.27	1.16	1.28			
RECOMMENDED DEBT COVERAGE RATIO								1.22	1.22	1.35	1.28			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-App Amendment	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	APP-App Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.80%	$2,917	$3.57	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$175,000	$3.57	$2,917	2.76%
Off-Sites		1.60%	1,667	2.04	100,000	100,000	0	0	0	100,000	100,000	2.04	1,667	1.58%
Sitework		8.91%	9,285	11.38	557,090	557,090	457,880	457,880	503,668	557,090	557,090	11.38	9,285	8.80%
Direct Construction		49.61%	51,715	63.37	3,102,910	3,056,059	2,870,187	3,059,440	3,365,384	3,161,810	3,161,810	64.57	52,697	49.92%
Contingency	5.00%	2.93%	3,050	3.74	183,000	180,657	166,403	175,866	175,866	191,420	191,420	3.91	3,190	3.02%
Contractor's Fees	13.92%	8.15%	8,491	10.40	509,460	505,841	465,929	492,424	492,424	509,460	509,460	10.40	8,491	8.04%
Indirect Construction		6.96%	7,258	8.89	435,500	435,500	351,000	351,000	351,000	435,500	435,500	8.89	7,258	6.88%
Ineligible Costs		1.37%	1,432	1.75	85,907	96,407	103,907	103,907	103,907	96,407	85,907	1.75	1,432	1.36%
Developer's Fees	15.00%	12.09%	12,607	15.45	756,435	751,963	691,710	725,000	725,000	768,000	768,000	15.68	12,800	12.13%
Interim Financing		4.08%	4,249	5.21	254,942	277,942	300,000	300,000	300,000	277,942	254,942	5.21	4,249	4.03%
Reserves		1.51%	1,576	1.93	94,535	94,535	94,535	94,535	94,535	94,535	94,535	1.93	1,576	1.49%
TOTAL COST		100.00%	$104,246	$127.74	$6,254,780	$6,230,994	$5,676,552	$5,935,052	$6,286,784	$6,367,164	$6,333,664	$129.35	$105,561	100.00%
Construction Cost Recap		*69.59%*	*$72,641*	*$88.89*	*$4,352,460*	*$4,299,647*	*$3,950,400*	*$4,185,610*	*$4,185,610*	*$4,419,780*	*$4,419,780*	*$90.26*	*$73,663*	*69.78%*

SOURCES OF FUNDS

	%	Per Unit	Per Sq Ft	TDHCA-App Amendment	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	APP-App Amendment	RECOMMENDED	
JPMorganChase Mortgage	0.00%	$0	$0.00	$0	$900,000	$800,000	$800,000	$800,000	$900,000	$0	$0	Developer Fee Available
TDHCA HOME request	21.10%	$22,000	$26.96	1,320,000	420,000	420,000	420,000	420,000	420,000	1,320,000	1,320,000	$768,000
RBC Capital Markets	79.67%	$83,055	$101.77	4,983,326	4,721,046	4,509,000	4,509,000	4,509,000	4,721,046	4,983,326	4,721,046	% of Dev. Fee Deferred
Deferred Developer Fees	0.49%	$507	$0.62	30,428	326,118	206,052	206,052	351,732	326,118	30,428	0	0%
Additional (Excess) Funds Req'd	-1.26%	($1,316)	($1.61)	(78,974)	(136,170)	(258,500)	351,732		0	(90)	292,618	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$6,254,780	$6,230,994	$5,676,552	$6,286,784	$6,286,784	$6,367,164	$6,333,664	$6,333,664	$445,571

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence & Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.48	$3,157,184
Adjustments				
Exterior Wall Finish	0.85%		$0.55	$26,985
Elderly	3.00%		1.93	94,716
9-Ft. Ceilings	3.11%		2.00	98,089
Roofing			0.00	0
Subfloor			(1.65)	(80,631)
Floor Cover			2.85	139,599
Breezeways/Balconies	$22.50	7,520	3.46	169,183
Plumbing Fixtures	$993	(43)	(0.89)	(43,495)
Rough-ins	$410	22	0.18	9,020
Built-In Appliances	$2,267	60	2.78	136,000
Exterior Stairs	$2,200	2	0.09	4,400
Enclosed Corridors	$54.56	1541	1.72	84,072
Heating/Cooling			2.24	109,842
Garages/Carports	$2,178	38	1.69	82,753
Comm &/or Aux Bldgs	$78.38	2,355	3.77	184,543
Elevator	$25,700.00	1	0.52	25,700
SUBTOTAL			85.73	4,197,958
Current Cost Multiplier	1.01		0.86	41,980
Local Multiplier	0.90		(8.57)	(419,796)
TOTAL DIRECT CONSTRUCTION COSTS			$78.02	$3,820,142
Plans, specs, survy, bld prm	3.90%		($3.04)	($148,986)
Interim Construction Interest	3.38%		(2.63)	(128,930)
Contractor's OH & Profit	11.50%		(8.97)	(439,316)
NET DIRECT CONSTRUCTION COSTS			$63.37	$3,102,910

PAYMENT COMPUT/

PAYMENT COMPUTATION

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

Secondary	Secondary	$1,320,000	Amort	360
Int Rate	Int Rate	4.50%	Subtotal DCR	1.23

Additional	Additional	$0	Amort	
Int Rate	Int Rate		Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Serv Primary Debt Service	$0
Secondary Debt S Secondary Debt Service	$80,259
Additional Debt Se Additional Debt Service	0
NET CASH FLO NET CASH FLOW	$22,685

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

Secondary	Secondary	$1,320,000	Amort	360
Int Rate	Int Rate	4.50%	Subtotal DCR	1.28

Additional	Additional	$0	Amort	0
Int Rate	Int Rate	0.00%	Aggregate DCR	1.28

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 10	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$305,904	$315,081	$324,534	$334,270	$344,298	$355,629	$0	$399,135	$462,707	$536,405	$720,883
Secondary Income	7,200	7,416	7,638	7,868	8,104	8,104	0	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	313,104	322,497	332,172	342,137	352,401	363,733	0	408,530	473,598	549,030	737,850
Vacancy & Collection Loss	(23,483)	(24,187)	(24,913)	(25,660)	(26,430)	(27,280)	0	(30,640)	(35,520)	(41,177)	(55,339)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$289,621	$298,310	$307,259	$316,477	$325,971	$336,453	$0	$377,890	$438,078	$507,853	$682,511
EXPENSES at 4.00%											
General & Administrative	$18,300	$19,032	$19,793	$20,585	$21,408	$21,399	$0	$26,047	$31,690	$38,555	$57,071
Management	5,792	5,966	6,145	6,330	6,519	16,823	0	7,558	8,762	10,157	13,650
Payroll & Payroll Tax	52,553	54,655	56,841	59,115	61,480	61,455	0	74,799	91,005	110,721	163,894
Repairs & Maintenance	22,732	23,641	24,587	25,570	26,593	26,582	0	32,355	39,364	47,893	70,893
Utilities	10,802	11,234	11,684	12,151	12,637	12,637	0	15,375	18,706	22,759	33,689
Water, Sewer & Trash	12,336	12,829	13,343	13,876	14,431	25,555	0	17,558	21,362	25,990	38,472
Insurance	20,850	21,684	22,551	23,453	24,392	24,392	0	29,676	36,105	43,928	65,024
Property Tax	29,136	30,302	31,514	32,774	34,085	34,085	0	41,470	50,454	61,385	90,865
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	17,548	0	21,350	25,975	31,603	46,780
Other	3,520	3,661	3,807	3,960	4,118	4,211	0	5,010	6,096	7,416	10,978
TOTAL EXPENSES	$191,022	$198,605	$206,489	$214,687	$223,212	$244,687	$0	$271,197	$329,519	$400,408	$591,316
NET OPERATING INCOME	$98,599	$99,705	$100,770	$101,789	$102,760	$91,766	$0	$106,693	$108,559	$107,445	$91,195
DEBT SERVICE											
First Lien Financing	$0	$0	$0	$0	$0	$66,036	$0	$0	$0	$0	$0
Second Lien	80,259	80,259	80,259	80,259	80,259	0	80,259	80,259	80,259	80,259	80,259
Other Financing	0	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$18,340	$19,446	$20,511	$21,630	$22,501	$25,729	($80,259)	$26,434	$28,300	$27,186	$10,936
DEBT COVERAGE RATIO	1.23	1.24	1.26	1.27	1.28	1.39	0.00	1.33	1.35	1.34	1.14

HTC ALLOCATION ANALYSIS -Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$175,000	$175,000		
Purchase of buildings				
Off-Site Improvements	$100,000	$100,000		
Sitework	$557,090	$557,090	$557,090	$557,090
Construction Hard Costs	$3,161,810	$3,113,376	$3,161,810	$3,113,376
Contractor Fees	$509,460	$509,460	$509,460	$509,460
Contingencies	$191,420	$183,523	$185,945	$183,523
Eligible Indirect Fees	$435,500	$435,500	$435,500	$435,500
Eligible Financing Fees	$277,942	$277,942	$277,942	$277,942
All Ineligible Costs	$96,407	$96,407		
Developer Fees				
Developer Fees	$768,000	$761,534	$768,000	$761,534
Development Reserves	$94,535	$94,535		
TOTAL DEVELOPMENT COSTS	$6,367,164	$6,304,367	$5,895,747	$5,838,425

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		$5,895,747	$5,838,425
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$7,664,471	$7,589,953
Applicable Fraction		96.11%	96.11%
TOTAL QUALIFIED BASIS		$7,366,452	$7,294,831
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$662,981	$656,535
Syndication Proceeds	**0.7199**	**$4,772,506**	**$4,726,105**
Total Tax Credits (Eligible Basis Method)		**$662,981**	**$656,535**
Syndication Proceeds		**$4,772,506**	**$4,726,105**
Previously Approved Tax Credits (Including 10% increase)		**$655,832**	
Syndication Proceeds		**$4,721,046**	
Gap of Syndication Proceeds Needed		**$5,047,164**	
Total Tax Credits (Gap Method)		**$701,135**	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report ADDENDUM

REPORT DATE: 01/21/09 PROGRAM: 9% HTC/HOME FILE NUMBER: **08264**

DEVELOPMENT

Cambridge Crossing

Location: Bragg Ave and Cambridge St Region: 3

City: Corsicana County: Navarro Zip: 75110 ☐ QCT ☒ DDA

Key Attributes: Multifamily, Elderly, Rural, New Construction

ALLOCATION

	PREVIOUS REQUEST			**PREVIOUS RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$420,000	AFR	40/40	**$420,000**	**AFR***	**30/18***
Housing Tax Credit (Annual)	$655,832			**$655,832**		

* AFR underwritten at 4.37%; Parity of term with the first lien.

	CURRENT REQUEST			**CURRENT RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$420,000	0.00%	40/40	**See Options Below**		
Housing Tax Credit (Annual)	$655,832			**$655,832**		

* The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

- Option 1: Increase the amount of the awarded HOME funds by the amount of increase in the conventional first lien mortgage. An amended HOME loan of $520K, structured as a fully amortizing and repayable second lien mortgage with an interest rate of 1%, amortization of 30 years and term of 18 years.
- Option 2: Replace the amount of the entire existing conventional first lien debt with HOME funds. An amended HOME loan of $1,320,000, structured as a fully amortizing and repayable first lien mortgage with an interest rate of 4.5%, amortization of 30 years and term of 18 years.
- Option 3: Restructure the existing HOME loan as requested by the Applicant. A HOME loan of $420K structured as a fully amortizing and repayable second lien mortgage with an interest rate reduced to 0% and amortization increased to 40 years.

CONDITIONS

1 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	21
60% of AMI	60% of AMI	34

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	3
50% of AMI	50%/Low HOME	9

PROS

- The development team has extensive experience with development of rural multifamily properties funded with Housing Tax Credits

CONS

- The Applicant's expense to income ratio is quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.
- The Underwriter's inclusive capture rate exceeds 50%, which implies that the subject must capture a majority of the demand in this market.
- There is a concern that this market may not be able to support any potential additional units in the same area. Specifically, while this development was originally determined to have had priority over two other competing developments in the same market during the competitive cycle, the Board approved an allocation of tax credits to all developments on the 2008 Waiting List, subject to underwriting. West Park Senior Housing (08255) and West Way Apartments (08256) are both located in Corsicana and are included on the 2008 Waiting List. Both developments are currently be underwritten.

ADDENDUM

The subject development was originally underwritten during the 2008 9% HTC cycle and approved for an annual tax credit allocation of $578,144 and a HOME award of $420,000 structured as a loan at AFR with a term of 18 years and amortization of 30 years, subject to conditions. Subsequent to this award the TDHCA Board, at its November 2008 meeting, approved an additional allocation of tax credits to all 2007 and 2008 competitive HTC applications based upon an additional 10% increase in the direct and site work construction costs. As a result, the subject development received an additional $77,688 in annual tax credits for a total annual allocation of $655,832.

In a letter to the Department dated January 9, 2009 the Applicant is requesting to change the terms of the awarded HOME loan to a 0% interest rate with a 40 year amortization. The original HOME award was structured at AFR with a 30 year amortization. According to the Applicant a decrease in equity pricing and increases in construction costs and interest rates have caused the development to be become infeasible with the currently structured HOME loan. The Applicant cites that even with the additional 10% increase in tax credits that was approved by the Board in November 2008, the development struggles to maintain financial feasibility. Additionally, the Applicant indicates that as currently structured the amount of deferred developer fee would amount to 62% of the total fee available, which will make it difficult to secure an investor in a rural market. The Applicant's current proposed investor requires no more than 50% of the developer fee to be deferred.

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The Applicant provided a revised rent schedule, operating expense estimate, 30-year proforma and a revised development cost schedule. The Applicant also provided updated financing commitments for the currently proposed structure. The Underwriter has evaluated the effect of the requested changes on the feasibility of the development. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report with a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

The Applicant's estimates of income and expenses have not changed from those presented at application; therefore the Underwriter's estimates also have not changed. The Applicant's projected income, expenses and NOI all remain within 5% of the Underwriter's estimates. Therefore, the Applicant's NOI will continue to be used to evaluate debt service capacity.

As a result of changes to the terms and amortization of permanent financing discussed below the HOME loan as originally structured (interest at AFR, 30-year amortization) results in a DCR that falls below the Department's current minimum guideline of 1.15, and reflects insufficient cash flow to repay the deferred developer fee. Therefore, this analysis has confirmed that based on the new assumptions provided by the Applicant, the development no longer remains feasible with the HOME fund structured as originally proposed and approved. The Applicant's current proposal to restructure the HOME loan to a 0% interest rate and to increase the amortization period from 30 years to 40 years provides for a 1.16 DCR, which falls within the Department's guidelines and remains feasible for the long term.

Both the Underwriter's and the Applicant's expense to income ratios are high at above 60%, which reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses. Despite the fact that the Applicant's expense to income ratio (64.66%) is marginally below the Department's 65% guideline, it is acceptable and no other mitigation is required.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant's revised development cost schedule reflects an overall increase in construction costs of $452K or approximately 7.6%. It appears that almost every line item experienced some increase, but almost half of the cost increase appear in off-site costs ($100K increase) and site work costs ($99K increase). The Underwriter's construction cost estimate was updated in order to use the most current Marshall & Swift data available. This update has increased the Underwriter's total development cost estimate by approximately 10% since the original underwriting analysis. As a result, the Applicant's current construction cost estimate is within 5% of the Underwriter's estimate and will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $5,895,747 supports annual tax credits of $662,981. 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

Source: Southeast Texas Housing Finance Corp — Type: **Interim Financing**

Principal: $120,000 — Interest Rate: Prime+1% — [ ] Fixed — Term: 12 months

Source: JPMorgan Chase — Type: **Interim to Permanent Financing**

Interim: $2,800,000 — Interest Rate: 6.0% — [ ] Fixed — Term: 24 months

Permanent: $900,000 — Interest Rate: 8.5% — [x] Fixed — Amort: 360 months

Comments:

While the proposed permanent lender has remained the same since the original HTC application was submitted, the amount and terms of the permanent financing have changed. The permanent loan has increased from $800K to the currently proposed $900K. Additionally, the interest rate has increased from 7% to 8.5%.

Source:	RBC Capital Markets	Type:	**Syndication**

Proceeds:	$4,721,046	Syndication Rate:	72%	Anticipated HTC:	$ 655,832

Comments:

The syndication rate has dropped from 78% as reflected in the original HTC application to the currently quoted 72% as reflected in the commitment letter from RBC Capital Markets. Any decrease in rate could increase the amount of deferred developer fee and render the development financially infeasible. Alternatively, should the final credit price increase to more than $0.77, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount:	$326,118	Type:	**Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Applicant's revised total development cost estimate less the increased conventional mortgage of $900,000 and previously awarded HOME funds of $420,000 indicates the need for $5,067,164 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $701,135 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the previously approved amount ($655,832), the gap-driven amount ($701,135), and eligible basis-derived amount ($662,981), the previously approved amount of $655,832 is recommended resulting in proceeds of $4,721,046 based on a syndication rate of 72%.

The Underwriter's analysis has confirmed that based on the current assumptions provided in the Applicant's amendment request the development no longer remains feasible with the currently structured HOME loan. However, there are several options the Board could consider that would both strengthen the feasibility of the development and provide greater assurance of the return of funds to the Department. These options are described below:

- Option 1: Increase the amount of the awarded HOME funds by the amount of increase in the conventional first lien mortgage. The Department's HOME loan could be increased to $520K and structured as a fully amortizing and repayable second lien mortgage with an interest rate of 1%, amortization of 30 years and term of 18 years. The DCR remains above a 1.15 for the long term and the remaining gap of funds is available from deferred developer fees (42% of total available) and repayable within 15 years.

- Option 2: Replace the amount of the entire existing conventional first lien debt with HOME funds. The Department's HOME loan could be increased to $1,320,000 and structured as a fully amortizing and repayable first lien mortgage with an interest rate of 4.5%, amortization of 30 years and term of 18 years. The DCR remains above a 1.15 for the long term and the remaining gap of funds is available from deferred developer fees (42% of total available) and repayable within 10-15 years of operation.

- Option 3: Restructure the existing HOME loan as requested by the Applicant. The HOME loan amount would remain at $420K but the interest rate would decrease from AFR to 0% and amortization would increase from 30 years to 40 years. The DCR remains above a 1.15 for the long term and the remaining gap of funds is available from deferred developer fees (42% of total available) and repayable within 10-15 years of operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Acting Director of Real Estate Analysis:	*Raquel Morales*	Date:	January 21, 2009

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM- OPTION 1

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

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	WS&T
TC 30%/LH	3	1	1	748	$254	$210	$630	$0.28	$44.00	$17.00
TC 50%/LH	5	1	1	748	$423	$379	$1,895	$0.51	$44.00	$17.00
TC 50%	8	1	1	748	$423	$379	$3,032	$0.51	$44.00	$17.00
TC 50%	4	1	1	788	$423	$379	$1,516	$0.48	$44.00	$17.00
TC 60%	26	1	1	788	$508	$464	$12,064	$0.59	$44.00	$17.00
TC 50%/LH	4	2	1	908	$508	$459	$1,836	$0.51	$49.00	$19.00
TC 60%	8	2	2	947	$610	$566	$4,528	$0.60	$44.00	$17.00
MR	2	2	2	947		$675	$1,350	$0.71	$44.00	$17.00
TOTAL:	60		AVERAGE:	812		$448	$26,851	$0.55	$44.33	$17.13

					TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment			
INCOME		Total Net Rentable Sq Ft:	48,710	5						COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$322,212	$322,212	$323,820	$323,820	$323,820	Navarro		3
Secondary Income			Per Unit Per Month:	$10.00	7,200	7,200	7,200	7,200	7,200	$10.00	Per Unit Per Month	
Other Support Income:					0	0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$329,412	$329,412	$331,020	$331,020	$331,020			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(24,706)	(24,706)	(24,828)	(24,828)	(24,828)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0	0	0			
EFFECTIVE GROSS INCOME					$304,706	$304,706	$306,192	$306,192	$306,192			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT						PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.01%	$305	0.38	$18,300	$18,300	$11,000	$11,000	$11,000	$0.23	$183	3.59%
Management		5.00%	254	0.31	15,235	15,235	15,195	15,195	15,663	0.32	261	5.12%
Payroll & Payroll Tax		17.25%	876	1.08	52,553	52,553	52,440	52,440	52,440	1.08	874	17.13%
Repairs & Maintenance		7.46%	379	0.47	22,732	22,732	23,200	23,200	23,200	0.48	387	7.58%
Utilities		3.55%	180	0.22	10,802	10,802	11,700	11,700	11,700	0.24	195	3.82%
Water, Sewer, & Trash		4.05%	206	0.25	12,336	12,336	20,600	20,600	20,600	0.42	343	6.73%
Property Insurance		6.84%	348	0.43	20,850	20,850	20,850	20,850	20,850	0.43	348	6.81%
Property Tax	2.5031	9.56%	486	0.60	29,136	29,136	24,000	24,000	24,000	0.49	400	7.84%
Reserve for Replacements		4.92%	250	0.31	15,000	15,000	15,000	15,000	15,000	0.31	250	4.90%
TDHCA Compliance Fees		0.76%	39	0.05	2,320	2,320	2,320	2,320	2,320	0.05	39	0.76%
Other: Support Services		0.39%	20	0.02	1,200	1,200	1,200	1,200	1,200	0.02	20	0.39%
TOTAL EXPENSES		65.79%	$3,341	$4.12	$200,464	$200,464	$197,505	$197,505	$197,973	$4.06	$3,300	64.66%
NET OPERATING INC		34.21%	$1,737	$2.14	$104,242	$104,242	$108,687	$108,687	$108,219	$2.22	$1,804	35.34%
DEBT SERVICE												
JPMorganChase Mortgage		24.23%	$1,230	$1.52	$73,816	$63,869	$63,864	$63,864	$83,040	$1.70	$1,384	27.12%
TDHCA HOME request		10.22%	$519	$0.64	31,137	22,239	21,708	21,708	10,500	$0.22	$175	3.43%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		-0.23%	($12)	($0.01)	($711)	$18,134	$23,115	$23,115	$14,679	$0.30	$245	4.79%
AGGREGATE DEBT COVERAGE RATIO					0.99	1.21	1.27	1.27	1.16			
RECOMMENDED DEBT COVERAGE RATIO							1.22	1.22	1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.81%	$2,917	$3.59	$175,000	$175,000	$175,000	$175,000	$175,000	$3.59	$2,917	2.75%
Off-Sites		1.60%	1,667	2.05	100,000	0	0	0	100,000	2.05	1,667	1.57%
Sitework		8.93%	9,285	11.44	557,090	457,880	457,880	503,668	557,090	11.44	9,285	8.75%
Direct Construction		49.07%	51,007	62.83	3,060,405	2,870,187	3,059,440	3,365,384	3,161,810	64.91	52,697	49.66%
Contingency	5.00%	2.90%	3,015	3.71	180,875	166,403	175,866	175,866	191,420	3.93	3,190	3.01%
Contractor's Fees	14.00%	8.12%	8,441	10.40	506,449	465,929	492,424	492,424	509,460	10.46	8,491	8.00%
Indirect Construction		6.98%	7,258	8.94	435,500	351,000	351,000	351,000	435,500	8.94	7,258	6.84%
Ineligible Costs		1.55%	1,607	1.98	96,407	103,907	103,907	103,907	96,407	1.98	1,607	1.51%
Developer's Fees	15.00%	12.07%	12,546	15.45	752,739	691,710	725,000	725,000	768,000	15.77	12,800	12.06%
Interim Financing		4.46%	4,632	5.71	277,942	300,000	300,000	300,000	277,942	5.71	4,632	4.37%
Reserves		1.52%	1,576	1.94	94,535	94,535	94,535	94,535	94,535	1.94	1,576	1.48%
TOTAL COST		100.00%	$103,949	$128.04	$6,236,942	$5,676,552	$5,935,052	$6,286,784	$6,367,164	$130.72	$106,119	100.00%
Construction Cost Recap		*69.02%*	***$71,747***	***$88.38***	***$4,304,819***	***$3,960,400***	***$4,185,610***	***$4,185,610***	***$4,419,780***	***$90.74***	***$73,663***	*69.42%*
SOURCES OF FUNDS										RECOMMENDED		
JPMorganChase Mortgage		12.83%	$13,333	$16.42	$800,000	$800,000	$800,000	$800,000	$800,000	$800,000	Developer Fee Available	
TDHCA HOME request		8.34%	$8,667	$10.68	520,000	420,000	420,000	420,000	520,000	520,000	$768,000	
RBC Capital Markets		75.69%	$78,684	$96.92	4,721,046	4,509,000	4,509,000	4,509,000	4,721,046	4,721,046	% of Dev. Fee Deferred	
Deferred Developer Fees		5.23%	$5,435	$6.70	326,118	206,052	206,052	351,732	326,118	326,118	42%	
Additional (Excess) Funds Req'd		-2.09%	($2,170)	($2.67)	(130,222)	(258,500)	351,732		0	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES					$6,236,942	$5,676,552	$6,286,784	$6,286,784	$6,367,164	$6,367,164	$338,359	

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM- OPTION 1 (continued)

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence & Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.11	$3,122,866
Adjustments				
Exterior Wall Finish	1.20%		$0.77	$37,474
Elderly	3.00%		1.92	93,686
9-Ft. Ceilings	3.15%		2.02	98,370
Roofing			0.00	0
Subfloor			(1.65)	(80,209)
Floor Cover			2.87	139,887
Breezeways/Balconies	$22.50	7,520	3.47	169,183
Plumbing Fixtures	$976	(50)	(1.00)	(48,821)
Rough-ins	$410	12	0.10	4,920
Built-In Appliances	$2,267	60	2.79	136,000
Exterior Stairs	$2,200	2	0.09	4,400
Enclosed Corridors	$54.19	1541	1.71	83,509
Heating/Cooling			2.26	110,097
Garages/Carports	$2,178	45	2.01	97,997
Comm &/or Aux Bldgs	$78.38	2,183	3.51	171,093
Other: fire sprinkler	$1.95		0.00	0
SUBTOTAL			85.00	4,140,452
Current Cost Multiplier	1.01		0.85	41,405
Local Multiplier	0.90		(8.50)	(414,045)
TOTAL DIRECT CONSTRUCTION COSTS			$77.35	$3,767,811
Plans, specs, survy, bld prm	3.90%		($3.02)	($146,945)
Interim Construction Interes	3.38%		(2.61)	(127,164)
Contractor's OH & Profit	11.50%		(8.90)	(433,298)
NET DIRECT CONSTRUCTION COSTS			$62.83	$3,060,405

PAYMENT COMPUTATION

Primary	$800,000	Amort	360
Int Rate	8.50%	DCR	1.41

Secondary	$520,000	Amort	360
Int Rate	4.37%	Subtotal DCR	0.99

Additional	$4,721,046	Amort	
Int Rate		Aggregate DCR	0.99

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$73,816
Secondary Debt Service	20,070
Additional Debt Service	0
NET CASH FLOW	$14,333

Primary	$800,000	Amort	360
Int Rate	8.50%	DCR	1.47

Secondary	$520,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.15

Additional	$4,721,046	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$323,820	$333,535	$343,541	$353,847	$364,462	$422,512	$489,807	$567,820	$763,103
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	331,020	340,951	351,179	361,714	372,566	431,906	500,697	580,446	780,070
Vacancy & Collection Loss	(24,828)	(25,571)	(26,338)	(27,129)	(27,942)	(32,393)	(37,552)	(43,533)	(58,505)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$306,192	$315,379	$324,841	$334,586	$344,623	$399,513	$463,145	$536,912	$721,565
EXPENSES at 4.00%									
General & Administrative	$11,000	$11,440	$11,898	$12,374	$12,868	$15,656	$19,048	$23,175	$34,305
Management	15,663	16,133	16,617	17,115	17,629	20,437	23,692	27,465	36,911
Payroll & Payroll Tax	52,440	54,538	56,719	58,988	61,347	74,638	90,809	110,483	163,542
Repairs & Maintenance	23,200	24,128	25,093	26,097	27,141	33,021	40,175	48,879	72,353
Utilities	11,700	12,168	12,655	13,161	13,687	16,653	20,261	24,650	36,488
Water, Sewer & Trash	20,600	21,424	22,281	23,172	24,099	29,320	35,673	43,401	64,244
Insurance	20,850	21,684	22,551	23,453	24,392	29,676	36,105	43,928	65,024
Property Tax	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	3,520	3,661	3,807	3,960	4,118	5,010	6,096	7,416	10,978
TOTAL EXPENSES	$197,973	$205,735	$213,803	$222,189	$230,906	$279,921	$339,394	$411,565	$605,472
NET OPERATING INCOME	$108,219	$109,644	$111,037	$112,396	$113,718	$119,592	$123,751	$125,347	$116,093
DEBT SERVICE									
First Lien Financing	$73,816	$73,816	$73,816	$73,816	$73,816	$73,816	$73,816	$73,816	$73,816
Second Lien	20,070	20,070	20,070	20,070	20,070	20,070	20,070	20,070	20,070
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$14,333	$15,758	$17,151	$18,510	$19,832	$25,706	$29,865	$31,461	$22,207
DEBT COVERAGE RATIO	1.15	1.17	1.18	1.20	1.21	1.27	1.32	1.34	1.24

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM- OPTION 2

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

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	WS&T
TC 30%/LH	3	1	1	748	$254	$210	$630	$0.28	$44.00	$17.00
TC 50%/LH	5	1	1	748	$423	$379	$1,895	$0.51	$44.00	$17.00
TC 50%	8	1	1	748	$423	$379	$3,032	$0.51	$44.00	$17.00
TC 50%	4	1	1	788	$423	$379	$1,516	$0.48	$44.00	$17.00
TC 60%	26	1	1	788	$508	$464	$12,064	$0.59	$44.00	$17.00
TC 50%/LH	4	2	1	908	$508	$459	$1,836	$0.51	$49.00	$19.00
TC 60%	8	2	2	947	$610	$566	$4,528	$0.60	$44.00	$17.00
MR	2	2	2	947		$675	$1,350	$0.71	$44.00	$17.00
TOTAL:	60		AVERAGE:	812		$448	$26,851	$0.55	$44.33	$17.13

INCOME	Total Net Rentable Sq Ft:	48,710	12	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$322,212	$322,212	$323,820	$323,820	$323,820	Navarro		3
Secondary Income		Per Unit Per Month:	$10.00	7,200	7,200	7,200	7,200	7,200	$10.00	Per Unit Per Month	
Other Support Income:				0	0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$329,412	$329,412	$331,020	$331,020	$331,020			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(24,706)	(24,706)	(24,828)	(24,828)	(24,828)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0	0			
EFFECTIVE GROSS INCOME				$304,706	$304,706	$306,192	$306,192	$306,192			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.01%	$305	0.38	$18,300	$18,300	$11,000	$11,000	$11,000	$0.23	$183	3.59%
Management		5.00%	254	0.31	15,235	15,235	15,195	15,195	15,663	0.32	261	5.12%
Payroll & Payroll Tax		17.25%	876	1.08	52,553	52,553	52,440	52,440	52,440	1.08	874	17.13%
Repairs & Maintenance		7.46%	379	0.47	22,732	22,732	23,200	23,200	23,200	0.48	387	7.58%
Utilities		3.55%	180	0.22	10,802	10,802	11,700	11,700	11,700	0.24	195	3.82%
Water, Sewer, & Trash		4.05%	206	0.25	12,336	12,336	20,600	20,600	20,600	0.42	343	6.73%
Property Insurance		6.84%	348	0.43	20,850	20,850	20,850	20,850	20,850	0.43	348	6.81%
Property Tax	2.5031	9.56%	486	0.60	29,136	29,136	24,000	24,000	24,000	0.49	400	7.84%
Reserve for Replacements		4.92%	250	0.31	15,000	15,000	15,000	15,000	15,000	0.31	250	4.90%
TDHCA Compliance Fees		0.76%	39	0.05	2,320	2,320	2,320	2,320	2,320	0.05	39	0.76%
Other: Support Services		0.39%	20	0.02	1,200	1,200	1,200	1,200	1,200	0.02	20	0.39%
TOTAL EXPENSES		65.79%	$3,341	$4.12	$200,464	$200,464	$197,505	$197,505	$197,973	$4.06	$3,300	64.66%
NET OPERATING INC		34.21%	$1,737	$2.14	$104,242	$104,242	$108,687	$108,687	$108,219	$2.22	$1,804	35.34%
DEBT SERVICE												
JPMorganChase Mortgage		0.00%	$0	$0.00	$0	$63,869	$63,864	$63,864	$83,040	$1.70	$1,384	27.12%
TDHCA HOME request		25.94%	$1,317	$1.62	79,040	22,239	21,708	21,708	10,500	$0.22	$175	3.43%
Additional Financing		0.00%	$0	$0.00	0	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW		8.27%	$420	$0.52	$25,202	$18,134	$23,115	$23,115	$14,679	$0.30	$245	4.79%
AGGREGATE DEBT COVERAGE RATIO					1.32	1.21	1.27	1.27	1.16			
RECOMMENDED DEBT COVERAGE RATIO							1.22	1.22	1.35			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.81%	$2,917	$3.59	$175,000	$175,000	$175,000	$175,000	$175,000	$3.59	$2,917	2.75%
Off-Sites		1.60%	1,667	2.05	100,000	0	0	0	100,000	2.05	1,667	1.57%
Sitework		8.93%	9,285	11.44	557,090	457,880	457,880	503,668	557,090	11.44	9,285	8.75%
Direct Construction		49.07%	51,007	62.83	3,060,405	2,870,187	3,059,440	3,365,384	3,161,810	64.91	52,697	49.66%
Contingency	5.00%	2.90%	3,015	3.71	180,875	166,403	175,866	175,866	191,420	3.93	3,190	3.01%
Contractor's Fees	14.00%	8.12%	8,441	10.40	506,449	465,929	492,424	492,424	509,460	10.46	8,491	8.00%
Indirect Construction		6.98%	7,258	8.94	435,500	351,000	351,000	351,000	435,500	8.94	7,258	6.84%
Ineligible Costs		1.55%	1,607	1.98	96,407	103,907	103,907	103,907	96,407	1.98	1,607	1.51%
Developer's Fees	15.00%	12.07%	12,546	15.45	752,739	691,710	725,000	725,000	768,000	15.77	12,800	12.06%
Interim Financing		4.46%	4,632	5.71	277,942	300,000	300,000	300,000	277,942	5.71	4,632	4.37%
Reserves		1.52%	1,576	1.94	94,535	94,535	94,535	94,535	94,535	1.94	1,576	1.48%
TOTAL COST		100.00%	$103,949	$128.04	$6,236,942	$5,676,552	$5,935,052	$6,286,784	$6,367,164	$130.72	$106,119	100.00%
Construction Cost Recap		*69.02%*	***$71,747***	***$88.38***	***$4,304,819***	***$3,960,400***	***$4,185,610***	***$4,185,610***	***$4,419,780***	***$90.74***	***$73,663***	*69.42%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	RECOMMENDED	
JPMorganChase Mortgage	0.00%	$0	$0.00	$0	$800,000	$800,000	$800,000	$0	$0	Developer Fee Available
TDHCA HOME request	21.16%	$22,000	$27.10	1,320,000	420,000	420,000	420,000	1,320,000	1,320,000	$768,000
RBC Capital Markets	75.69%	$78,684	$96.92	4,721,046	4,509,000	4,509,000	4,509,000	4,721,046	4,721,046	% of Dev. Fee Deferred
Deferred Developer Fees	5.23%	$5,435	$6.70	326,118	206,052	206,052	351,732	326,118	326,118	42%
Additional (Excess) Funds Req'd	-2.09%	($2,170)	($2.67)	(130,222)	(258,500)	351,732		0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$6,236,942	$5,676,552	$6,286,784	$6,286,784	$6,367,164	$6,367,164	$543,446

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM- OPTION 2 (continued)

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence & Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.11	$3,122,866
Adjustments				
Exterior Wall Finish	1.20%		$0.77	$37,474
Elderly	3.00%		1.92	93,686
9-Ft. Ceilings	3.15%		2.02	98,370
Roofing			0.00	0
Subfloor			(1.65)	(80,209)
Floor Cover			2.87	139,887
Breezeways/Balconies	$22.50	7,520	3.47	169,183
Plumbing Fixtures	$976	(50)	(1.00)	(48,821)
Rough-ins	$410	12	0.10	4,920
Built-In Appliances	$2,267	60	2.79	136,000
Exterior Stairs	$2,200	2	0.09	4,400
Enclosed Corridors	$54.19	1541	1.71	83,509
Heating/Cooling			2.26	110,097
Garages/Carports	$2,178	45	2.01	97,997
Comm &/or Aux Bldgs	$78.38	2,183	3.51	171,093
Other: fire sprinkler	$1.95		0.00	0
SUBTOTAL			85.00	4,140,452
Current Cost Multiplier	1.01		0.85	41,405
Local Multiplier	0.90		(8.50)	(414,045)
TOTAL DIRECT CONSTRUCTION COSTS			$77.35	$3,767,811
Plans, specs, survy, bld prm	3.90%		($3.02)	($146,945)
Interim Construction Interes	3.38%		(2.61)	(127,164)
Contractor's OH & Profit	11.50%		(8.90)	(433,298)
NET DIRECT CONSTRUCTION COSTS			$62.83	$3,060,405

PAYMENT COMPUTATION

Primary	$0	Amort	360
Int Rate	8.50%	DCR	#DIV/0!
Secondary	$1,320,000	Amort	360
Int Rate	4.37%	Subtotal DCR	1.32
Additional	$4,721,046	Amort	
Int Rate		Aggregate DCR	1.32

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$0
Secondary Debt Service	80,213
Additional Debt Service	0
NET CASH FLOW	$28,006

Primary	$0	Amort	360
Int Rate	4.50%	DCR	#DIV/0!
Secondary	$1,320,000	Amort	360
Int Rate	4.50%	Subtotal DCR	1.35
Additional	$4,721,046	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

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	$323,820	$333,535	$343,541	$353,847	$364,462	$422,512	$489,807	$567,820	$763,103
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	331,020	340,951	351,179	361,714	372,566	431,906	500,697	580,446	780,070
Vacancy & Collection Loss	(24,828)	(25,571)	(26,338)	(27,129)	(27,942)	(32,393)	(37,552)	(43,533)	(58,505)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$306,192	$315,379	$324,841	$334,586	$344,623	$399,513	$463,145	$536,912	$721,565
EXPENSES at 4.00%									
General & Administrative	$11,000	$11,440	$11,898	$12,374	$12,868	$15,656	$19,048	$23,175	$34,305
Management	15,663	16,133	16,617	17,115	17,629	20,437	23,692	27,465	36,911
Payroll & Payroll Tax	52,440	54,538	56,719	58,988	61,347	74,638	90,809	110,483	163,542
Repairs & Maintenance	23,200	24,128	25,093	26,097	27,141	33,021	40,175	48,879	72,353
Utilities	11,700	12,168	12,655	13,161	13,687	16,653	20,261	24,650	36,488
Water, Sewer & Trash	20,600	21,424	22,281	23,172	24,099	29,320	35,673	43,401	64,244
Insurance	20,850	21,684	22,551	23,453	24,392	29,676	36,105	43,928	65,024
Property Tax	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	3,520	3,661	3,807	3,960	4,118	5,010	6,096	7,416	10,978
TOTAL EXPENSES	$197,973	$205,735	$213,803	$222,189	$230,906	$279,921	$339,394	$411,565	$605,472
NET OPERATING INCOME	$108,219	$109,644	$111,037	$112,396	$113,718	$119,592	$123,751	$125,347	$116,093
DEBT SERVICE									
First Lien Financing	$0	$0	$0	$0	$0	$0	$0	$0	$0
Second Lien	80,213	80,213	80,213	80,213	80,213	80,213	80,213	80,213	80,213
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$28,006	$29,430	$30,824	$32,183	$33,504	$39,379	$43,538	$45,134	$35,879
DEBT COVERAGE RATIO	1.35	1.37	1.38	1.40	1.42	1.49	1.54	1.56	1.45

MULTIFAMILY COMPARATIVE ANALYSIS ADDENDUM- OPTION 3

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

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	WS&T
TC 30%/LH	3	1	1	748	$254	$210	$630	$0.28	$44.00	$17.00
TC 50%/LH	5	1	1	748	$423	$379	$1,895	$0.51	$44.00	$17.00
TC 50%	8	1	1	748	$423	$379	$3,032	$0.51	$44.00	$17.00
TC 50%	4	1	1	788	$423	$379	$1,516	$0.48	$44.00	$17.00
TC 60%	26	1	1	788	$508	$464	$12,064	$0.59	$44.00	$17.00
TC 50%/LH	4	2	1	908	$508	$459	$1,836	$0.51	$49.00	$19.00
TC 60%	8	2	2	947	$610	$566	$4,528	$0.60	$44.00	$17.00
MR	2	2	2	947		$675	$1,350	$0.71	$44.00	$17.00
TOTAL:	60		AVERAGE:	812		$448	$26,851	$0.55	$44.33	$17.13

INCOME	Total Net Rentable Sq Ft:	48,710	4	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$322,212	$322,212	$323,820	$323,820	$323,820	Navarro		3
Secondary Income		Per Unit Per Month:	$10.00	7,200	7,200	7,200	7,200	7,200	$10.00	Per Unit Per Month	
Other Support Income:				0	0	0	0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$329,412	$329,412	$331,020	$331,020	$331,020			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(24,706)	(24,706)	(24,828)	(24,828)	(24,828)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0	0	0			
EFFECTIVE GROSS INCOME				$304,706	$304,706	$306,192	$306,192	$306,192			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT						PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.01%	$305	0.38	$18,300	$18,300	$11,000	$11,000	$11,000	$0.23	$183	3.59%
Management	5.00%	254	0.31	15,235	15,235	15,195	15,195	15,663	0.32	261	5.12%
Payroll & Payroll Tax	17.25%	876	1.08	52,553	52,553	52,440	52,440	52,440	1.08	874	17.13%
Repairs & Maintenance	7.46%	379	0.47	22,732	22,732	23,200	23,200	23,200	0.48	387	7.58%
Utilities	3.55%	180	0.22	10,802	10,802	11,700	11,700	11,700	0.24	195	3.82%
Water, Sewer, & Trash	4.05%	206	0.25	12,336	12,336	20,600	20,600	20,600	0.42	343	6.73%
Property Insurance	6.84%	348	0.43	20,850	20,850	20,850	20,850	20,850	0.43	348	6.81%
Property Tax 2.5031	9.56%	486	0.60	29,136	29,136	24,000	24,000	24,000	0.49	400	7.84%
Reserve for Replacements	4.92%	250	0.31	15,000	15,000	15,000	15,000	15,000	0.31	250	4.90%
TDHCA Compliance Fees	0.76%	39	0.05	2,320	2,320	2,320	2,320	2,320	0.05	39	0.76%
Other: Support Services	0.39%	20	0.02	1,200	1,200	1,200	1,200	1,200	0.02	20	0.39%
TOTAL EXPENSES	65.79%	$3,341	$4.12	$200,464	$200,464	$197,505	$197,505	$197,973	$4.06	$3,300	64.66%
NET OPERATING INC	34.21%	$1,737	$2.14	$104,242	$104,242	$108,687	$108,687	$108,219	$2.22	$1,804	35.34%
DEBT SERVICE											
JPMorganChase Mortgage	27.25%	$1,384	$1.70	$83,043	$63,869	$63,864	$63,864	$83,040	$1.70	$1,384	27.12%
TDHCA HOME request	8.25%	$419	$0.52	25,149	22,239	21,708	21,708	10,500	$0.22	$175	3.43%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	-1.30%	($66)	($0.08)	($3,950)	$18,134	$23,115	$23,115	$14,679	$0.30	$245	4.79%
AGGREGATE DEBT COVERAGE RATIO				0.96	1.21	1.27	1.27	1.16			
RECOMMENDED DEBT COVERAGE RATIO						1.22	1.22	1.16			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.81%	$2,917	$3.59	$175,000	$175,000	$175,000	$175,000	$175,000	$3.59	$2,917	2.75%
Off-Sites		1.60%	1,667	2.05	100,000	0	0	0	100,000	2.05	1,667	1.57%
Sitework		8.93%	9,285	11.44	557,090	457,880	457,880	503,668	557,090	11.44	9,285	8.75%
Direct Construction		49.07%	51,007	62.83	3,060,405	2,870,187	3,059,440	3,365,384	3,161,810	64.91	52,697	49.66%
Contingency	5.00%	2.90%	3,015	3.71	180,875	166,403	175,866	175,866	191,420	3.93	3,190	3.01%
Contractor's Fees	14.00%	8.12%	8,441	10.40	506,449	465,929	492,424	492,424	509,460	10.46	8,491	8.00%
Indirect Construction		6.98%	7,258	8.94	435,500	351,000	351,000	351,000	435,500	8.94	7,258	6.84%
Ineligible Costs		1.55%	1,607	1.98	96,407	103,907	103,907	103,907	96,407	1.98	1,607	1.51%
Developer's Fees	15.00%	12.07%	12,546	15.45	752,739	691,710	725,000	725,000	768,000	15.77	12,800	12.06%
Interim Financing		4.46%	4,632	5.71	277,942	300,000	300,000	300,000	277,942	5.71	4,632	4.37%
Reserves		1.52%	1,576	1.94	94,535	94,535	94,535	94,535	94,535	1.94	1,576	1.48%
TOTAL COST		100.00%	$103,949	$128.04	$6,236,942	$5,676,552	$5,935,052	$6,286,784	$6,367,164	$130.72	$106,119	100.00%
Construction Cost Recap		*69.02%*	***$71,747***	***$88.38***	***$4,304,819***	***$3,960,400***	***$4,185,610***	***$4,185,610***	***$4,419,780***	***$90.74***	***$73,663***	*69.42%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA-HOME Amendment	TDHCA-Original	APP- Original	APP + 10% Increase	APP-HOME Amendment	RECOMMENDED	
JPMorganChase Mortgage	14.43%	$15,000	$18.48	$900,000	$800,000	$800,000	$800,000	$900,000	$900,000	Developer Fee Available
TDHCA HOME request	6.73%	$7,000	$8.62	420,000	420,000	420,000	420,000	420,000	420,000	$768,000
RBC Capital Markets	75.69%	$78,684	$96.92	4,721,046	4,509,000	4,509,000	4,509,000	4,721,046	4,721,046	% of Dev. Fee Deferred
Deferred Developer Fees	5.23%	$5,435	$6.70	326,118	206,052	206,052	351,732	326,118		0%
Additional (Excess) Funds Req'd	-2.09%	($2,170)	($2.67)	(130,222)	(258,500)	351,732		0	326,118	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$6,236,942	$5,676,552	$6,286,784	$6,286,784	$6,367,164	$6,367,164	$343,509

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence & Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$64.11	$3,122,866
Adjustments				
Exterior Wall Finish	1.20%		$0.77	$37,474
Elderly	3.00%		1.92	93,686
9-Ft. Ceilings	3.15%		2.02	98,370
Roofing			0.00	0
Subfloor			(1.65)	(80,209)
Floor Cover			2.87	139,887
Breezeways/Balconies	$22.50	7,520	3.47	169,183
Plumbing Fixtures	$976	(50)	(1.00)	(48,821)
Rough-ins	$410	12	0.10	4,920
Built-In Appliances	$2,267	60	2.79	136,000
Exterior Stairs	$2,200	2	0.09	4,400
Enclosed Corridors	$54.19	1541	1.71	83,509
Heating/Cooling			2.26	110,097
Garages/Carports	$2,178	45	2.01	97,997
Comm &/or Aux Bldgs	$78.38	2,183	3.51	171,093
Other: fire sprinkler	$1.95		0.00	0
SUBTOTAL			85.00	4,140,452
Current Cost Multiplier	1.01		0.85	41,405
Local Multiplier	0.90		(8.50)	(414,045)
TOTAL DIRECT CONSTRUCTION COSTS			$77.35	$3,767,811
Plans, specs, survy, bld prm	3.90%		($3.02)	($146,945)
Interim Construction Interes	3.38%		(2.61)	(127,164)
Contractor's OH & Profit	11.50%		(8.90)	(433,298)
NET DIRECT CONSTRUCTION COSTS			$62.83	$3,060,405

PAYMENT COMPUTATION

Primary	$900,000	Amort	360
Int Rate	8.50%	DCR	1.26

Secondary	$420,000	Amort	360
Int Rate	4.37%	Subtotal DCR	0.96

Additional	$4,721,046	Amort	
Int Rate		Aggregate DCR	0.96

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$83,043
Secondary Debt Service	10,500
Additional Debt Service	0
NET CASH FLOW	$14,676

Primary	$900,000	Amort	360
Int Rate	8.50%	DCR	1.30

Secondary	$420,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$4,721,046	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$323,820	$333,535	$343,541	$353,847	$364,462	$422,512	$489,807	$567,820	$763,103
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	331,020	340,951	351,179	361,714	372,566	431,906	500,697	580,446	780,070
Vacancy & Collection Loss	(24,828)	(25,571)	(26,338)	(27,129)	(27,942)	(32,393)	(37,552)	(43,533)	(58,505)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$306,192	$315,379	$324,841	$334,586	$344,623	$399,513	$463,145	$536,912	$721,565
EXPENSES at 4.00%									
General & Administrative	$11,000	$11,440	$11,898	$12,374	$12,868	$15,656	$19,048	$23,175	$34,305
Management	15,663	16,133	16,617	17,115	17,629	20,437	23,692	27,465	36,911
Payroll & Payroll Tax	52,440	54,538	56,719	58,988	61,347	74,638	90,809	110,483	163,542
Repairs & Maintenance	23,200	24,128	25,093	26,097	27,141	33,021	40,175	48,879	72,353
Utilities	11,700	12,168	12,655	13,161	13,687	16,653	20,261	24,650	36,488
Water, Sewer & Trash	20,600	21,424	22,281	23,172	24,099	29,320	35,673	43,401	64,244
Insurance	20,850	21,684	22,551	23,453	24,392	29,676	36,105	43,928	65,024
Property Tax	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	3,520	3,661	3,807	3,960	4,118	5,010	6,096	7,416	10,978
TOTAL EXPENSES	$197,973	$205,735	$213,803	$222,189	$230,906	$279,921	$339,394	$411,565	$605,472
NET OPERATING INCOME	$108,219	$109,644	$111,037	$112,396	$113,718	$119,592	$123,751	$125,347	$116,093
DEBT SERVICE									
First Lien Financing	$83,043	$83,043	$83,043	$83,043	$83,043	$83,043	$83,043	$83,043	$83,043
Second Lien	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$14,676	$16,101	$17,495	$18,854	$20,175	$26,050	$30,209	$31,805	$22,550
DEBT COVERAGE RATIO	1.16	1.17	1.19	1.20	1.22	1.28	1.32	1.34	1.24

HTC ALLOCATION ANALYSIS -Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$175,000	$175,000		
Purchase of buildings				
Off-Site Improvements	$100,000	$100,000		
Sitework	$557,090	$557,090	$557,090	$557,090
Construction Hard Costs	$3,161,810	$3,060,405	$3,161,810	$3,060,405
Contractor Fees	$509,460	$506,449	$509,460	$506,449
Contingencies	$191,420	$180,875	$185,945	$180,875
Eligible Indirect Fees	$435,500	$435,500	$435,500	$435,500
Eligible Financing Fees	$277,942	$277,942	$277,942	$277,942
All Ineligible Costs	$96,407	$96,407		
Developer Fees				
Developer Fees	$768,000	$752,739	$768,000	$752,739
Development Reserves	$94,535	$94,535		
TOTAL DEVELOPMENT COSTS	$6,367,164	$6,236,942	$5,895,747	$5,771,000

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		$5,895,747	$5,771,000
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$7,664,471	$7,502,300
Applicable Fraction		96.11%	96.11%
TOTAL QUALIFIED BASIS		$7,366,452	$7,210,586
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$662,981	$648,953
Syndication Proceeds	**0.7199**	**$4,772,506**	**$4,671,525**

Total Tax Credits (Eligible Basis Method)	**$662,981**	**$648,953**
Syndication Proceeds	**$4,772,506**	**$4,671,525**
Previously Approved Tax Credits (Including 10% increase)	**$655,832**	
Syndication Proceeds	**$4,721,046**	
Gap of Syndication Proceeds Needed	**$5,047,164**	
Total Tax Credits (Gap Method)	**$701,135**	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/22/08 PROGRAM: 9% HTC/HOME FILE NUMBER: **08264**

DEVELOPMENT

Cambridge Crossing

Location: Bragg Ave and Cambridge St Region: 3

City: Corsicana County: Navarro Zip: 75110 ☐ QCT ☒ DDA

Key Attributes: Multifamily, Elderly, Rural, New Construction

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$420,000	AFR	40/40	**$420,000**	**AFR***	**30/18***
Housing Tax Credit (Annual)	$578,144			**$578,144**		

* AFR underwritten at 4.37%; Parity of term with the first lien.

CONDITIONS

1 An award for the subject application is subject to West Park Senior Housing (TDHCA #08255) not receiving an award of housing tax credits with priority over the subject during the 2008 competitive cycle.

2 Receipt, review, and acceptance, by carryover, of a revised survey to include the base flood elevations for the site or flood plain language certifying to the flood status of the site and confirmation that the buildings and improvements will conform to the Department's flood prevention requirements in the QAP which call for the finished floors of all buildings to be at least one foot above the base flood elevation and that all drives and other improved areas be not more than six inches below the base flood elevation.

3 Receipt, review, and acceptance, by commitment, of evidence that the site has been rezoned or a variance granted for the proposed use.

4 Receipt, review, and acceptance, by 10% test, of a noise study for the subject site performed in accordance with HUD guidelines, and by cost certification, of evidence that any recommendations of said study and any subsequent environmental reports were carried out.

5 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LIHTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	21
60% of AMI	60% of AMI	34

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI/Low HOME	3
50% of AMI	Low HOME	9

PROS

- The development team has extensive experience with development of rural multifamily properties funded with Housing Tax Credits

CONS

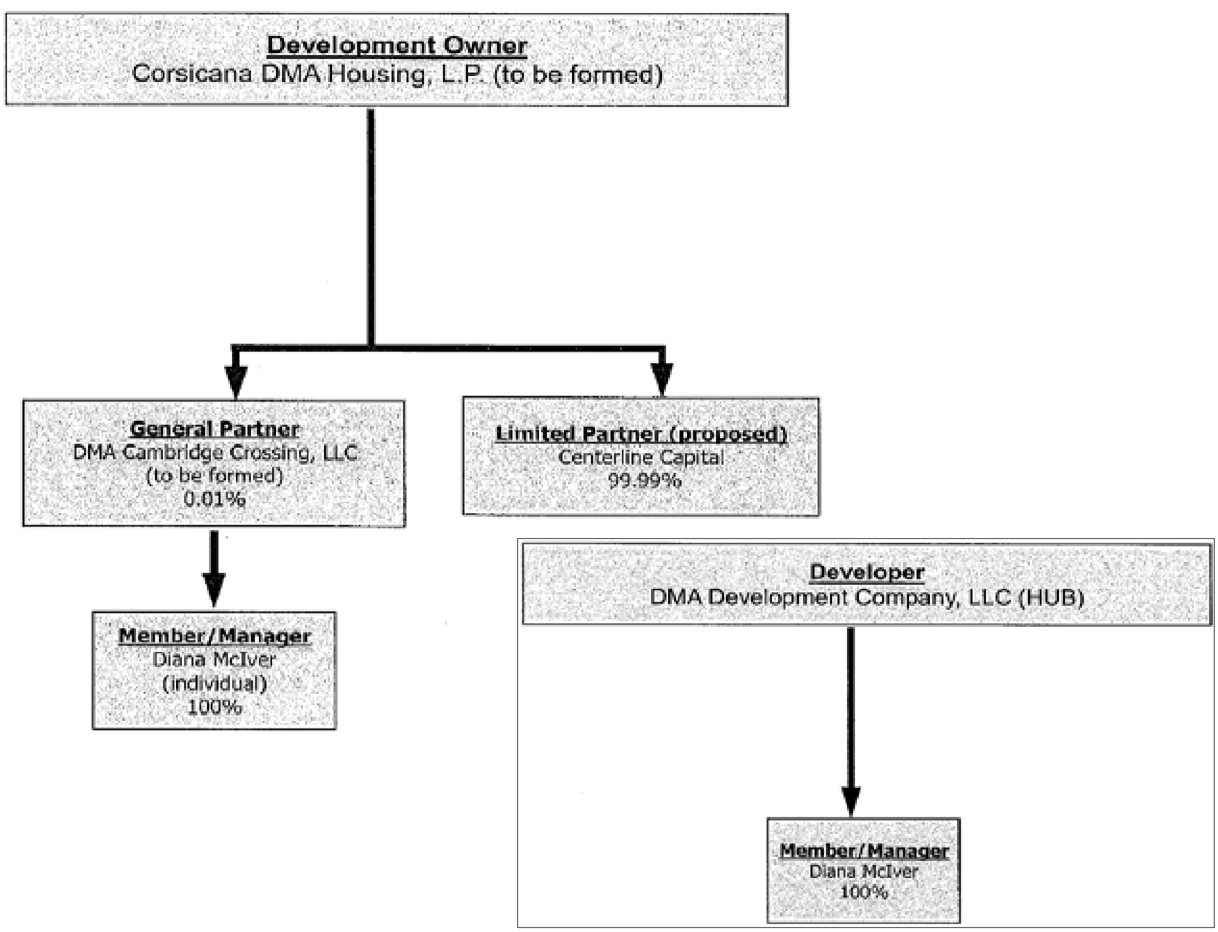
- The Applicant's expense to income ratio is quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.
- The Underwriter's inclusive capture rate exceeds 50%, which implies that the subject must capture a majority of the demand in this market.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Diana McIver	Phone:	512.328.3232	Fax:	512.328.4584
Email:	dianam@mciver.com				

KEY PARTICIPANTS

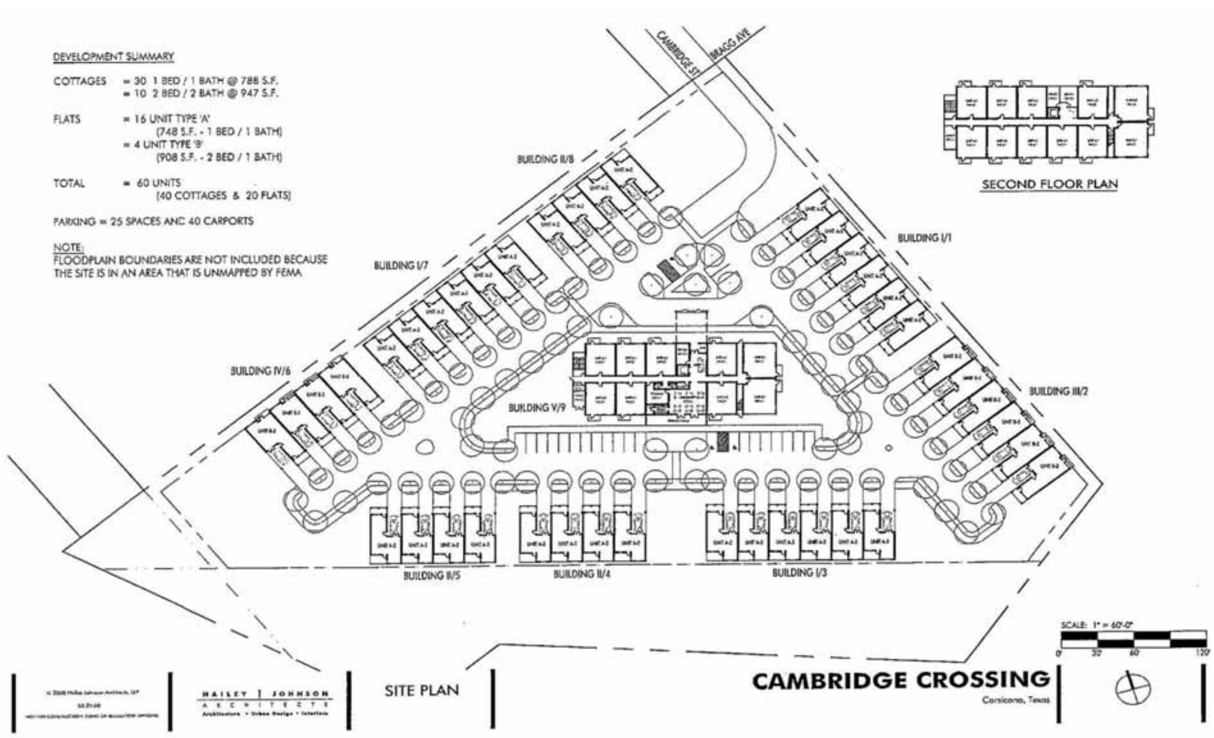
Name	Financial Notes	# Completed Developments
DMA Development Company, LLC	N/A	16 Developments
Diana McIver	N/A	16 Developments

IDENTITIES of INTEREST

- The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	I	II	III	IV	V						Total Buildings
Floors/Stories	1	1	1	1	2						
Number	3	3	1	1	1						**9**

BR/BA	SF	Units										Total Units	Total SF
1/1	748					16						16	11,968
1/1	788	6	4									30	23,640
2/1	908					4						4	3,632
2/2	947			6	4							10	9,470
Units per Building		6	4	6	4	20						**60**	**48,710**

SITE ISSUES

Total Size:	6.25 acres	Scattered site?	[ ] Yes	[x] No
Flood Zone:	Unknown*	Within 100-yr floodplain?	[ ] Yes	[ ] No
Zoning:	R-3	Needs to be re-zoned?	[x] Yes	[ ] No [ ] N/A

Comments:

*The FEMA Flood Insurance Rate Map for the City of Corsicana Map No. 480490005B, revised July 19, 2005, was reviewed by the ESA provider and a copy of the FEMA map was provided in the ESA. It appears that the subject site has not been mapped, but the area mapped to the west of the site is within the 100 year floodplain, suggesting that part of the subject site may also be in the floodplain. The ESA provider recommended that a surveyor determine the base flood elevations for the subject site and receipt, review and acceptance of same is a condition of this report. Alternatively, the surveyor could include flood plain language certifying to the flood status of the site. The Applicant must also certify and confirm that the buildings and improvements will conform to the Department's flood prevention requirements in the QAP which call for the finished floors of all buildings to be at least one foot above the base flood elevation and that all drives and other improved areas be not more than six inches below the base flood elevation.

The Applicant has submitted evidence that application has been made to the City of Corsicana in order to rezone the site from a single family district (R-3) to multifamily (District MF-3). Receipt, review, and acceptance, by commitment, of evidence that the site has been rezoned or a variance granted for the proposed use is a condition of this report.

TDHCA SITE INSPECTION

Inspector: ORCA Staff — Date: 4/24/2008

Overall Assessment:

[ ] Excellent [x] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North:	single family residential	East:	vacant land / gas station / church
South:	vacant land / railroad / power line	West:	vacant land / single family

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Property Assessment Consultants, Inc — Date: 12/18/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

The ESA indicates, "Based on the proximity of the [Burlington Northern Santa Fe] railway, PAC recommends that a Noise Study be prepared for the site in accordance with Texas Dept. of Housing and Community Affairs Guidelines" (summary). TDHCA guidelines indicate that a noise study should adhere to HUD guidelines. Therefore, receipt, review, and acceptance, by 10% test, of a noise study for the subject site performed in accordance with HUD guidelines is a condition of this report. Additionally, receipt, review, and acceptance, by cost certification, of evidence that any recommendations of said study and any subsequent environmental reports were carried out is a condition of this report.

MARKET HIGHLIGHTS

Provider: Integra Realty Resources — Date: 2/21/2008

Contact: Charles A Bissell — Phone: 817.332.5522 — Fax: 817.336.1621

Number of Revisions: none — Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 1,090 square miles (18.63 mile radius)

"The subject is located in the central region of Navarro County, west of Interstate Highway 45 and north of State Highway 22 in the City of Corsicana, Texas. Corsicana is the county seat of Navarro County. The primary market area (PMA) for any form of rental real estate property is defined as the area that a majority of the project’s tenants will be drawn from. Market areas are shaped by physical barriers, psychological barriers, density, and other factors. ... Based upon our analysis, we conclude the subject’s primary market area (PMA) to be Navarro County" (p. 90).

Secondary Market Area (SMA):

Not defined

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
West Park Seniors	08255	48	0	N/A			
Westway Place	08256	40	0				
Windvale Park	05189	76	0				

Comments:

The Market Analyst did not identify any unstabilized existing or proposed elderly developments within the PMA. Windvale Park is a 2005 9% transaction targeting families and Westway Place is a proposed 2008 9% transaction targeting families. Currently, Westway Place is scored lower than the subject and has not been underwritten as of the date of this report. Since both of these developments do not restrict to seniors only they are not considered comparable developments.

West Park Senior Housing is a 2008 9% transaction proposing 48 units targeting elderly households that was also not identified by the Analyst. Currently, the subject application has priority over West Park due to the selection tie break process (their numerical scores are identical). However, if West Park was included in the inclusive capture rate for the subject development, the Underwriter's inclusive capture rate would increase to 95%, which exceeds the 75% maximum for elderly and rural transactions. Therefore, while the inclusive capture rate is acceptable as currently prioritized, if West Park Senior Housing ultimately receives priority over the subject development, the Underwriter will not be able to recommend the subject application for an award.

This report is conditioned upon West Park Senior Housing (TDHCA #08255) not receiving an award of housing tax credits with priority over the subject during the 2008 competitive cycle.

INCOME LIMITS						
Navarro						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$9,500	$10,850	$12,200	$13,550	$14,650	$15,700
50	$15,800	$18,100	$20,350	$22,600	$24,400	$26,200
60	$18,960	$21,720	$24,420	$27,120	$29,280	$31,440

OVERALL DEMAND						
PMA DEMAND from TURNOVER						
		Apartment Units w/Elderly HHs	Household Size	Income Eligible		Demand
Market Analyst	1BR/30%	821	79% 650	6% 42		50% 21
Market Analyst	1BR/50%	821	79% 650	13% 82		50% 41
Market Analyst	1BR/60%	821	79% 650	14% 90		50% 45
Market Analyst	2BR/50%	821	51% 421	7% 27		50% 14
Market Analyst	2BR/60%	821	51% 421	7% 29		50% 15
Market Analyst	TOTAL					135
		Elderly Households	Household Size	Income Eligible	Tenure	Demand
Underwriter		24% 5,069	92% 4,638	31% 1,454	29% 415	25% 104

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PMA DEMAND from HOUSEHOLD GROWTH											
		Annual Elderly HH Growth	Household Size		Income Eligible		Tenure		Demand		
Market Analyst	1BR/30%	88	79%	69	7%	5	29%	1	100%	1
Market Analyst	1BR/50%	88	79%	69	13%	9	29%	2	100%	2
Market Analyst	1BR/60%	88	79%	69	14%	10	29%	3	100%	3
Market Analyst	2BR/50%	88	51%	45	7%	3	29%	1	100%	1
Market Analyst	2BR/60%	88	51%	45	7%	3	29%	1	100%	1
Market Analyst	TOTAL									8
		Annual Elderly HH Growth	Household Size		Income Eligible		Tenure		Demand	
Underwriter		91	92%	83	31%	26	29%	7	100%	7

INCLUSIVE CAPTURE RATE							
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 51	58	0	0	58	144	40.36%
Underwriter	58	0	0	58	111	52.23%

Comments:

The Market Analyst calculated turnover demand by each unit type starting with the number of apartment units rather than existing households thereby significantly underestimating the number of elderly households.

Additionally, the Market Analyst calculated demand by each unit type and summed these individual demand figures before calculating the inclusive capture rate. However, the Market Analyst's methodology results in an overlap in the following ways. First, the income bands for the 50% and 60% units overlap significantly and the Market Analyst did not account for this overlap when calculating total demand. Second, the Market Analyst counted two person households in calculations for both one and two bedroom units. Because it is difficult to determine what proportion of two person households would choose either size unit, this overlap is acceptable when calculating demand for individual units but this overlap should be eliminated in the overall calculation. This overlap, all else equal, effectively double counts some households and generally results in an inflated total demand number.

Finally, the Market Analyst used a turnover rate of 50%. This rate appears to be derived from data not specific to elderly households. Elderly households generally turnover at lower rates than the non-elderly households. Therefore, the Underwriter has used a lower turnover rate specific to elderly households of 25% which is published on the Department's web site.

The Market Analyst deviated in several important ways from the guidelines provided in the Department's rules on market studies. The Underwriter has made adjustments in the calculation of the overall demand to be in line with Department guidelines. The net result is that the Analyst overstated demand. The Underwriter has therefore determined a higher inclusive capture rate of 52.23%, but this is still below the Department's 75% threshold (see the chart above).

Primary Market Occupancy Rates:

"The overall average occupancy within the PMA is 92%. The existing LIHTC property within the PMA [located in Corsicana] is reporting occupancy of 96%. There are no existing 'seniors only' LIHTC complexes within the PMA at this time. There is however a 'seniors only' subsidized complex with rents restricted to 30% of income. The complex, which was built in 1983, consists of 100 units and is reporting occupancy of 100%. The subject is the only known 'seniors only' LIHTC project forecast to come online. Of the subject’s 60 'seniors only' units, 58 are LIHTC units" (p. 68).

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Absorption Projections:

"The subject is forecast to be absorbed in 10 months, equating to an absorption pace of approximately 6 units per month" (p. 68).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 748 SF 30%/LH	$213	$210	$575	$210	$365
1 BR 748 SF 50%/LH	$382	$379	$575	$379	$196
1 BR 748 SF 50%	$382	$379	$575	$379	$196
1 BR 788 SF 50%	$382	$379	$585	$379	$206
1 BR 788 SF 60%	$467	$464	$585	$464	$121
2 BR 908 SF 50%/LH	$462	$459	$660	$459	$201
2 BR 947 SF 60%	$564	$566	$675	$566	$109
2 BR 947 SF MR	$675	N/A	$675	$675	$0

Market Impact:

"The subject is located in an area with above average occupancy levels, below average rents, and no new projects, other than the subject, forecast to come online within the PMA during the next 24 months" (p. 32). The Analyst further notes that Corsicana suffers from a lack of affordable housing (p. 33).

Comments:

While the Market Analyst did not account for several important aspects of the demand analysis (as described above), the Market Analyst provided sufficient information for the Underwriter to reach an acceptable inclusive capture rate. The Underwriter's demand conclusions are sufficient to make a favorable recommendation.

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of less than one unit per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 1.49 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department’s standard criteria.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 7/10/2008

The Applicant's projected rents are equal to the applicable program gross rent levels less utility allowances maintained by the Housing Authority of the City of Corsicana. However, the Housing Authority provided the Department with two separate utility allowance matrices, both of which appear to potentially apply to the subject. The Applicant used a matrix labeled "Multi-Family Utility & Service." However, another matrix labeled "Townhouse/Row House/Garden Apt" appears to be more applicable. The Underwriter contacted the Housing Authority and confirmed that the matrix labeled "Townhouse/Row House/Garden Apt" reflects the applicable utility allowances for the subject development. These allowances are slightly higher than those used by the Applicant; therefore, the Underwriter's net rents are slightly lower than the Applicant's rents.

The Applicant's estimates of secondary income and vacancy and collection loss are each in line with Department standards. Despite the difference in utility allowances, the Applicant's effective gross income estimate is within 5% of the Underwriter's estimate.

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Expense: Number of Revisions: none Date of Last Applicant Revision: N/A

The Applicant's total operating expense estimate of $3,292 per unit is within 5% of the Underwriter's estimate of $3,341 per unit derived from the TDHCA expense database, IREM data, and other third-party sources. However, several of the Applicant's estimates of individual line items differ significantly from the Underwriter's, including: general and administrative ($7K lower); water, sewer, and trash ($8K higher); and property tax ($5K lower). The Applicant provided a property insurance quote of $20,850 that is used by the Underwriter.

The Underwriter used actual operating data from the Owner's Financial Certifications for an existing Corsicana property to compare utility and water, sewer, and trash costs.

Conclusion:

The Applicant's estimates of effective gross income, total operating expense, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year One proforma is used to determine the development's debt capacity and debt coverage ratio. The Year One proforma results in a DCR within the parameters of the Department's current guideline (1.15 to 1.35). The Underwriter has adjusted to term of the HOME loan to match the conventional first lien, which has the effect of increasing annual debt service by $2,911. However, the DCR remains above a 1.15 using either the Underwriter's or Applicant's proforma. This is discussed further in the conclusions section below.

The Underwriter's expense to income ratio is above the Department's maximum of 65%. However, the Applicant's proforma reflects an expense to income ratio slightly below the limit and has been used in the analysis. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.

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 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	10.3 acres	$28,960	Tax Year:	2007
One Acre:		$2,800	Valuation by:	Navarro CAD
Prorata Value:	6.25 acres	$17,501	Tax Rate:	2.5031

EVIDENCE of PROPERTY CONTROL

Type: Unimproved Property Contract Acreage: 6.25

Contract Expiration: 1/20/2008 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $170,000 Other:

Seller: LCI Management, LLC Related to Development Team? [ ] Yes [x] No

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CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 7/17/2008

Acquisition Value:

The Applicant has provided an Unimproved Property Contract reflecting a purchase price of $27,200 per acre or $2,833 per unit. The Applicant has indicated that the transaction is arms-length and therefore, the purchase price is presumed to be reasonable.

Sitework Cost:

The Applicant's sitework cost estimate of $7,631 per unit is below the Department's threshold of $9,000 per unit. Therefore, third-party support is not required at this time.

Direct Construction Cost:

The Applicant's direct construction cost estimate of $50,991 per unit is not within 5% of the Underwriter's estimate of $47,836 per unit derived using Marshall and Swift's Residential Cost Handbook data.

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 $5,561,610 supports annual tax credits of $578,154. 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 7/17/2008

Source: Southeast Texas Housing Finance Corp Type: **Interim Financing**

Principal: $120,000 Interest Rate: Prime+1% ☐ Fixed Term: 12 months

Comments:

The Applicant provided a resolution of approval from the Southeast Housing Finance Corp with the terms indicated above.

Source: JPMorgan Chase Type: **Interim to Permanent Financing**

Interim: $2,100,000 Interest Rate: 7.0% ☐ Fixed Term: 24 months

Permanent: $800,000 Interest Rate: 7.0% x Fixed Amort: 360 months

Comments:

The term sheet reflects a minimum DCR of 1.15.

Source: Centerline Capital Group Type: **Syndication**

Proceeds: $4,509,000 Syndication Rate: 78% Anticipated HTC: $ 578,144

Comments:

Should the final credit price decrease less than $0.743, all else equal, the gap in financing would increase and deferred developer fees would increase to an amount that would not be repayable within 15 years. Beyond this point the development would be deemed infeasible. Alternatively, an increase in the credit price to more than $0.815, all else equal, could warrant a reduction in the HTC allocation because the gap in financing would decrease and the credits needed to fill this gap would also decrease.

Amount: $206,052 Type: **Deferred Developer Fees**

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Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the conventional mortgage of $800,000 and requested HOME funds of $420,000 indicates the need for $4,715,052 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $604,564 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($578,144), the gap-driven amount ($604,564), and eligible basis-derived estimate ($578,154), the Applicant's request of $578,144 is recommended resulting in proceeds of $4,509,000 based on a syndication rate of 78%.

Additionally, the Underwriter recommends a HOME award of $420,000 to be structured as a fully amortizing and repayable second lien mortgage with an interest rate equal to AFR (underwritten at 4.37%), amortization of 30 years and term of 18 years. The amortization and term have been adjusted by the Underwriter to match the term and amortization of the JPMorganChase first lien.

The Underwriter's recommended financing structure indicates the need for $206,052 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from cashflow within 10 years of stabilized operations. Should the HOME loan ultimately not be received, the increased deferred developer fee required would continue to be repayable within 15 years.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Underwriter:	*Cameron Dorsey*	Date:	July 22, 2008
Reviewing Underwriter:	*Raquel Morales*	Date:	July 22, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	July 22, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

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	WS&T
TC 30%/LH	3	1	1	748	$254	$210	$630	$0.28	$44.00	$17.00
TC 50%/LH	5	1	1	748	$423	$379	$1,895	$0.51	$44.00	$17.00
TC 50%	8	1	1	748	$423	$379	$3,032	$0.51	$44.00	$17.00
TC 50%	4	1	1	788	$423	$379	$1,516	$0.48	$44.00	$17.00
TC 60%	26	1	1	788	$508	$464	$12,064	$0.59	$44.00	$17.00
TC 50%/LH	4	2	1	908	$508	$459	$1,836	$0.51	$49.00	$19.00
TC 60%	8	2	2	947	$610	$566	$4,528	$0.60	$44.00	$17.00
MR	2	2	2	947		$675	$1,350	$0.71	$44.00	$17.00
TOTAL:	60		AVERAGE:	812		$448	$26,851	$0.55	$44.33	$17.13

INCOME				TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
Total Net Rentable Sq Ft: 48,710								
POTENTIAL GROSS RENT				$322,212	$323,820	Navarro		3
Secondary Income		Per Unit Per Month:	$10.00	7,200	7,200	$10.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$329,412	$331,020			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(24,706)	(24,828)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$304,706	$306,192			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	6.01%	$305	0.38	$18,300	$11,000	$0.23	$183	3.59%
Management	5.00%	254	0.31	15,235	15,195	0.31	253	4.96%
Payroll & Payroll Tax	17.25%	876	1.08	52,553	52,440	1.08	874	17.13%
Repairs & Maintenance	7.46%	379	0.47	22,732	23,200	0.48	387	7.58%
Utilities	3.55%	180	0.22	10,802	11,700	0.24	195	3.82%
Water, Sewer, & Trash	4.05%	206	0.25	12,336	20,600	0.42	343	6.73%
Property Insurance	6.84%	348	0.43	20,850	20,850	0.43	348	6.81%
Property Tax 2.5031	9.56%	486	0.60	29,136	24,000	0.49	400	7.84%
Reserve for Replacements	4.92%	250	0.31	15,000	15,000	0.31	250	4.90%
TDHCA Compliance Fees	0.76%	39	0.05	2,320	2,320	0.05	39	0.76%
Other: Support Services	0.39%	20	0.02	1,200	1,200	0.02	20	0.39%
TOTAL EXPENSES	65.79%	$3,341	$4.12	$200,464	$197,505	$4.05	$3,292	64.50%
NET OPERATING INC	34.21%	$1,737	$2.14	$104,242	$108,687	$2.23	$1,811	35.50%
DEBT SERVICE								
JPMorganChase Mortgage	20.96%	$1,064	$1.31	$63,869	$63,864	$1.31	$1,064	20.86%
TDHCA HOME request	7.30%	$371	$0.46	22,239	21,708	$0.45	$362	7.09%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	5.95%	$302	$0.37	$18,134	$23,115	$0.47	$385	7.55%
AGGREGATE DEBT COVERAGE RATIO				1.21	1.27			
RECOMMENDED DEBT COVERAGE RATIO					1.22			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.08%	$2,917	$3.59	$175,000	$175,000	$3.59	$2,917	2.95%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.07%	7,631	9.40	457,880	457,880	9.40	7,631	7.71%
Direct Construction		50.56%	47,836	58.92	2,870,187	3,059,440	62.81	50,991	51.55%
Contingency	5.00%	2.93%	2,773	3.42	166,403	175,866	3.61	2,931	2.96%
Contractor's Fees	14.00%	8.21%	7,765	9.57	465,929	492,424	10.11	8,207	8.30%
Indirect Construction		6.18%	5,850	7.21	351,000	351,000	7.21	5,850	5.91%
Ineligible Costs		1.83%	1,732	2.13	103,907	103,907	2.13	1,732	1.75%
Developer's Fees	15.00%	12.19%	11,529	14.20	691,710	725,000	14.88	12,083	12.22%
Interim Financing		5.28%	5,000	6.16	300,000	300,000	6.16	5,000	5.05%
Reserves		1.67%	1,576	1.94	94,535	94,535	1.94	1,576	1.59%
TOTAL COST		100.00%	$94,609	$116.54	$5,676,552	$5,935,052	$121.84	$98,918	100.00%
Construction Cost Recap		*69.77%*	***$66,007***	***$81.31***	***$3,960,400***	***$4,185,610***	***$85.93***	***$69,760***	*70.52%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
JPMorganChase Mortgage	14.09%	$13,333	$16.42	$800,000	$800,000	$800,000	Developer Fee Available
TDHCA HOME request	7.40%	$7,000	$8.62	420,000	420,000	420,000	$725,000
Centerline Capital HTC Equity	79.43%	$75,150	$92.57	4,509,000	4,509,000	4,509,000	% of Dev. Fee Deferred
Deferred Developer Fees	3.63%	$3,434	$4.23	206,052	206,052	206,052	28%
Additional (Excess) Funds Req'd	-4.55%	($4,308)	($5.31)	(258,500)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$5,676,552	$5,935,052	$5,935,052	$420,001

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Cambridge Crossing, Corsicana, 9% HTC/HOME #08264

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence & Townhome Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$62.85	$3,061,321
Adjustments				
Exterior Wall Finish	1.20%		$0.75	$36,736
Elderly	3.00%		1.89	91,840
9-Ft. Ceilings	3.15%		1.98	96,432
Roofing			0.00	0
Subfloor			(1.65)	(80,209)
Floor Cover			2.87	139,887
Breezeways/Balconies	$22.50	7,520	3.47	169,183
Plumbing Fixtures	$942	(50)	(0.97)	(47,107)
Rough-ins	$400	12	0.10	4,800
Built-In Appliances	$2,233	60	2.75	134,000
Exterior Stairs	$1,800	2	0.07	3,600
Enclosed Corridors	$52.93	1541	1.67	81,562
Heating/Cooling			2.26	110,097
Garages/Carports	$2,048	45	1.89	92,138
Comm &/or Aux Bldgs	$76.67	2,183	3.44	167,360
Other: fire sprinkler	$1.95		0.00	0
SUBTOTAL			83.38	4,061,639
Current Cost Multiplier	0.98		(1.67)	(81,233)
Local Multiplier	0.89		(9.17)	(446,780)
TOTAL DIRECT CONSTRUCTION COSTS			$72.54	$3,533,626
Plans, specs, survy, bld prm	3.90%		($2.83)	($137,811)
Interim Construction Interest	3.38%		(2.45)	(119,260)
Contractor's OH & Profit	11.50%		(8.34)	(406,367)
NET DIRECT CONSTRUCTION COSTS			$58.92	$2,870,187

PAYMENT COMPUTATION

Primary	$800,000	Amort	360
Int Rate	7.00%	DCR	1.63

Secondary	$420,000	Amort	480
Int Rate	4.37%	Subtotal DCR	1.21

Additional	$4,509,000	Amort	
Int Rate		Aggregate DCR	1.21

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$63,869
Secondary Debt Service	25,149
Additional Debt Service	0
NET CASH FLOW	$19,669

Primary	$800,000	Amort	360
Int Rate	7.00%	DCR	1.70

Secondary	$420,000	Amort	360
Int Rate	4.37%	Subtotal DCR	1.22

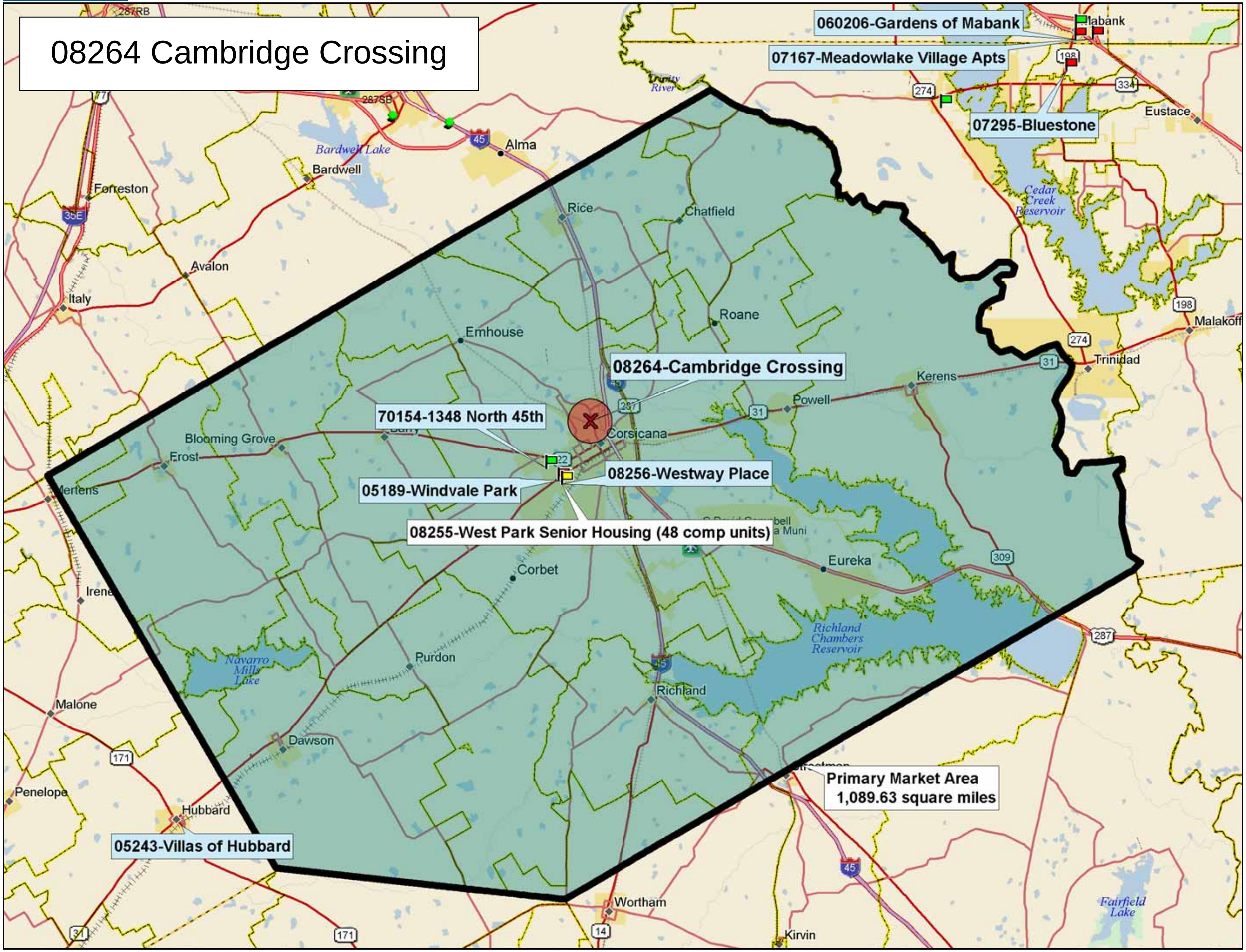
Additional	$4,509,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$323,820	$333,535	$343,541	$353,847	$364,462	$422,512	$489,807	$567,820	$763,103
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	331,020	340,951	351,179	361,714	372,566	431,906	500,697	580,446	780,070
Vacancy & Collection Loss	(24,828)	(25,571)	(26,338)	(27,129)	(27,942)	(32,393)	(37,552)	(43,533)	(58,505)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$306,192	$315,379	$324,841	$334,586	$344,623	$399,513	$463,145	$536,912	$721,565
EXPENSES at 4.00%									
General & Administrative	$11,000	$11,440	$11,898	$12,374	$12,868	$15,656	$19,048	$23,175	$34,305
Management	15,195	15,651	16,120	16,604	17,102	19,826	22,984	26,645	35,808
Payroll & Payroll Tax	52,440	54,538	56,719	58,988	61,347	74,638	90,809	110,483	163,542
Repairs & Maintenance	23,200	24,128	25,093	26,097	27,141	33,021	40,175	48,879	72,353
Utilities	11,700	12,168	12,655	13,161	13,687	16,653	20,261	24,650	36,488
Water, Sewer & Trash	20,600	21,424	22,281	23,172	24,099	29,320	35,673	43,401	64,244
Insurance	20,850	21,684	22,551	23,453	24,392	29,676	36,105	43,928	65,024
Property Tax	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	3,520	3,661	3,807	3,960	4,118	5,010	6,096	7,416	10,978
TOTAL EXPENSES	$197,505	$205,253	$213,307	$221,678	$230,379	$279,310	$338,686	$410,744	$604,370
NET OPERATING INCOME	$108,687	$110,126	$111,534	$112,908	$114,244	$120,203	$124,459	$126,168	$117,196
DEBT SERVICE									
First Lien Financing	$63,869	$63,869	$63,869	$63,869	$63,869	$63,869	$63,869	$63,869	$63,869
Second Lien	25,149	25,149	25,149	25,149	25,149	25,149	25,149	25,149	25,149
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$19,669	$21,108	$22,516	$23,890	$25,226	$31,185	$35,441	$37,150	$28,177
DEBT COVERAGE RATIO	1.22	1.24	1.25	1.27	1.28	1.35	1.40	1.42	1.32

HTC ALLOCATION ANALYSIS -Cambridge Crossing, Corsicana, 9% HTC/HOME #08264				
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$175,000	$175,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	$457,880	$457,880	$457,880	$457,880
Construction Hard Costs	$3,059,440	$2,870,187	$3,059,440	$2,870,187
Contractor Fees	$492,424	$465,929	$492,424	$465,929
Contingencies	$175,866	$166,403	$175,866	$166,403
Eligible Indirect Fees	$351,000	$351,000	$351,000	$351,000
Eligible Financing Fees	$300,000	$300,000	$300,000	$300,000
All Ineligible Costs	$103,907	$103,907		
Developer Fees				
Developer Fees	$725,000	$691,710	$725,000	$691,710
Development Reserves	$94,535	$94,535		
TOTAL DEVELOPMENT COSTS	$5,935,052	$5,676,552	$5,561,610	$5,303,110

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		$5,561,610	$5,303,110
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$7,230,093	$6,894,043
Applicable Fraction		96.11%	96.11%
TOTAL QUALIFIED BASIS		$6,948,964	$6,625,981
Applicable Percentage		8.32%	8.32%
TOTAL AMOUNT OF TAX CREDITS		$578,154	$551,282
Syndication Proceeds	**0.7799**	**$4,509,076**	**$4,299,498**
Total Tax Credits (Eligible Basis Method)		**$578,154**	**$551,282**
Syndication Proceeds		**$4,509,076**	**$4,299,498**
Requested Tax Credits		**$578,144**	
Syndication Proceeds		**$4,509,000**	
Gap of Syndication Proceeds Needed		**$4,715,052**	
Total Tax Credits (Gap Method)		**$604,564**	



Data use subject to license.

Scale 1 : 375,000

1" = 5.92 mi   Data Zoom 9-1

MN (4.2°E)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: File

From: Audrey Martin, Real Estate Analysis

cc: Ben Sheppard, Multifamily Finance Production

Date: August 12, 2009

Re: Amendment Request for Southern View Apartments, TDHCA #08299

Background

Original Award: Development was awarded $505,689 in Housing Tax Credits ("HTC") during the 2008 9% HTC cycle. Award was based on a 10% increase to direct construction and site work costs.

Amendment Request

In a letter dated June 8, 2009, the Owner requested approval for the following:

1. Number of Buildings – Owner requested an increase from three to four residential buildings. One of the sixteen-unit, two-story buildings will be separated into two eight-unit, one-story buildings. The Owner stated that utility lines run down the center of the site, and the buildings are being reconfigured so that no buildings are located in the utility easement.
    a. Unit mix will remain the same.
    b. Unit types will remain the same.
    c. Net rentable square footage will remain the same.
2. Site Plan – Because of the location of the utility easement, the site is being reconfigured, as described above.

The Owner's development cost estimate has not changed as a result of the requested change. The Underwriter's analysis uses the Owner's estimate of site work costs, which has not changed. The Underwriter estimated direct construction costs using the revised building configuration. The Underwriter's updated estimate of direct construction cost is within $400 of the Owner's estimate, and within $500 of the estimate from the most recent underwriting at the time of Carryover.

Conclusion

The Underwriter's total development cost is within 5% of the Owner's estimate; therefore, the Owner's costs would continue to be used to determine the credit allocation. The Owner's cost estimate has not changed since the application was underwritten at the time of Carryover; therefore, no change to the credit recommendation is recommended at this time.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 07/07/08 PROGRAM: 9% HTC FILE NUMBER: **08299**

DEVELOPMENT

Southern View Apartments

Location: SW Corner of Ryan Street and Hwy 385 Region: 12

City: Fort Stockton County: Pecos Zip: 79735 [x] QCT [ ] DDA

Key Attributes: Family, New Construction, Rural

ALLOCATION

	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$433,000*			**$433,000**		

*The Applicant revised the requested amount from $436,959 on May 16, 2008

CONDITIONS

1 Receipt, review, and acceptance by commitment of documentation verifying the appropriate re-zoning of the site for the use as planned.
2 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	17
60% of AMI	60% of AMI	30

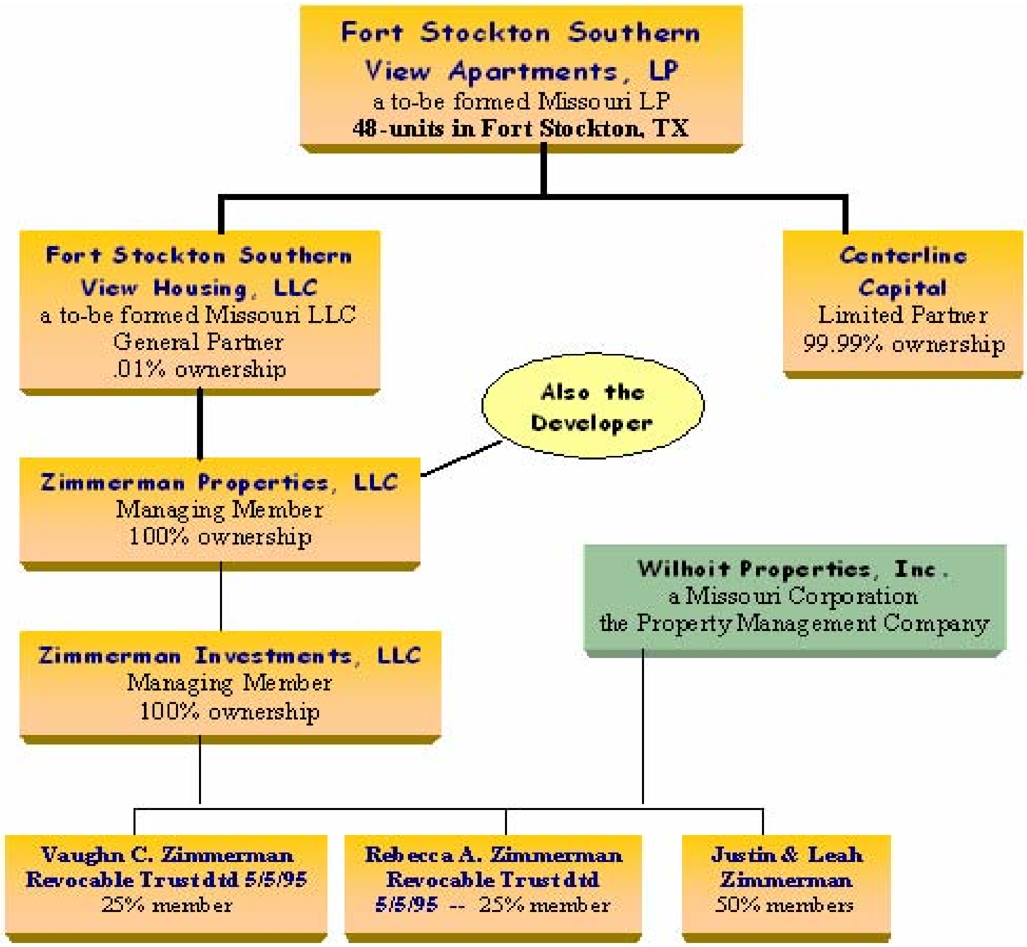
PROS	CONS
▫	▫ The Applicant's high expense to income ratio is only slightly less than the maximum guideline, reflecting extensive deep rent targeting, but still acceptable.
▫	▫ The Market Analyst's capture rate by unit type suggests that 2 bedroom units targeting 60% households may be saturated.
▫	▫ The capture rate based on the alternate method to calculate inclusive capture rate using the HISTA data source indicates the development would need to capture 95.77% which exceeds the current Department maximum of 75% for rural developments.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Justin Zimmerman Phone: (417) 890-3239 Fax: (417) 883-6343

Email: jzimmerman@wilhoitproperties.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Zimmerman Properties/Investments, LLC	n/a	12
Vaughn & Rebecca Zimmerman	n/a	12
Justin & D. Leah Zimmerman	n/a	12

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

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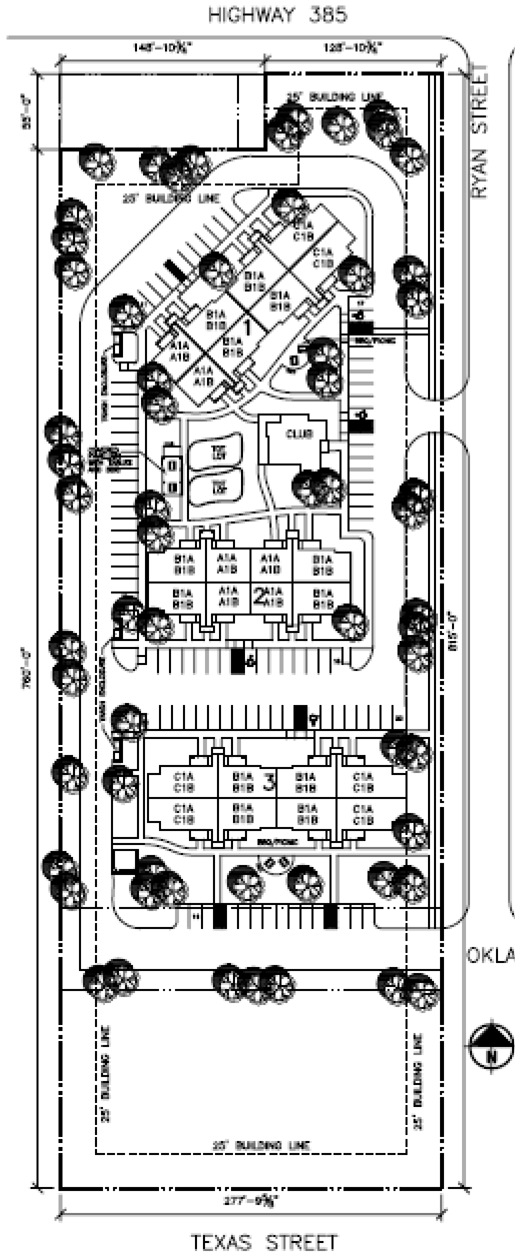
PROPOSED SITE

SITE PLAN



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BUILDING CONFIGURATION

Building Type	1	2	3								Total Buildings
Floors/Stories	2	2	2								
Number	1	1	1								3

BR/BA	SF	Units										Total Units	Total SF
1/1	690	2	4									6	4,140
1/1	768	2	4									6	4,608
2/2	942	4	4	4								12	11,304
2/2	1,021	4	4	4								12	12,252
3/2	1,109	2		4								6	6,654
3/2	1,188	2		4								6	7,128
Units per Building		16	16	16								**48**	**46,086**

SITE ISSUES

Total Size: 3.5 acres
Scattered site? [ ] Yes [x] No

Flood Zone: Zone C
Within 100-yr floodplain? [ ] Yes [x] No

Zoning: R-Residential
Needs to be re-zoned? [x] Yes [ ] No [ ] N/A

Comments:

The property is presently zoned Residential (R). The applicant is requesting a change in zoning to allow multifamily residences.

Receipt, review, and acceptance by commitment of documentation verifying the appropriate re-zoning of the site for the use as planned.

TDHCA SITE INSPECTION

Inspector: ORCA
Date: 4/4/2008

Overall Assessment:

[x] Excellent [ ] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: Ryan Street, residential and commercial uses.

South: El Paso Street, vacant land and commercial uses.

East: residential and commercial uses.

West: US Highway 385, Alamo Elementary school and residential uses.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Kaw Valley Engineering
Date: 3/27/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None.

MARKET HIGHLIGHTS

Provider: Integra Realty
Date: 3/29/2008

Contact: Mark Lamb
Phone: (972) 960-1222
Fax: (972) 960-2922

Number of Revisions: 0
Date of Last Applicant Revision: N/A

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Primary Market Area (PMA): 8,265 square feet (51 miles radius)

"For this analysis, we consider the primary market area (PMA) for the subject to be defined by the following zip codes: Pecos County, Reeves County and Ward County." (p. 15) This is a relatively enormous PMA even for a rural transaction.

Secondary Market Area (SMA):

None defined.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Valley View Apartments	05187	48	47	N/A				
Oasis Apartments	05003	55	JSDA; Acq/reha					
Country Club Apartments	060125	44	32					

Valley View Apartments (TDHCA #05187), a 48-unit development and Country Club Apartments (TDHCA #060125), a 44-unit development are both LIHTC developments targeting the general population, located within the defined PMA boundaries. While the 47 comparable units from Valley View Apartments were not considered by the Market Analyst, the Underwriter has included these units in the inclusive capture rate calculation. With the inclusion of these additional units, however, the Underwriter was still able to calculate a capture rate that does not exceed the Department's maximum for rural properties.

INCOME LIMITS						
Pecos						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	$15,250	$17,450	$19,600	$21,800	$23,550	$25,300
60	$18,300	$20,940	$23,520	$26,160	$28,260	$30,360

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/50% Rent Limit	84	0		84	4	4	5%
1 BR/60% Rent Limit	111	0		111	8	20	18%
2 BR/50% Rent Limit	22	0		22	9	9	41%
2 BR/60% Rent Limit	29	0		29	14	33	114%
3 BR/50% Rent Limit	63	0		63	8	24	38%
3 BR/60% Rent Limit	83	0		83	8	24	29%

	OVERALL DEMAND									
		Target Households		Household Size		Income Eligible		Tenure		Demand
PMA DEMAND from TURNOVER										
Market Analyst p. 51										392
Underwriter	100%	12,245	95%	11,633	33%	3,892	24%	916	45%	412
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 51										0
Underwriter			95%	-113	33%	-36	24%	-8	100%	-8

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 52	47	32	0	79	392	20.15%
Underwriter	48	79	0	127	404	31.45%
HISTA Data Model	47	79	0	126	132	95.77%

The Underwriter was not able to corroborate the Market Analyst's calculations but independently evaluated demand for the subject and found the revised inclusive capture rate to be acceptable at 31.45%.

It should be noted, based on the alternate method to calculate inclusive capture rate using the HISTA provided data which identifies separate income bands for each household size, making this more appropriate calculation available, the development would need to capture 95.77% of the projected market area demand. Essentially, the capture rate exceeds the current Department maximum of 75% for this type of development based on this alternate data source.

Primary Market Occupancy Rates:

"The occupancy rate for the existing LIHTC properties within the PMA is 87%." (p.35)

Absorption Projections:

"We forecast a lease-up period of 6 months for the subject, equating to an absorption pace of 8 units per month." (p.72)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 690 SF 50%	$345	$346	$405	$346	$59
1 BR 690 SF 60%	$405	$428	$405	$405	$0
1 BR 768 SF 50%	$345	$346	$435	$346	$89
1 BR 768 SF 60%	$427	$428	$435	$428	$7
2 BR 942 SF 50%	$403	$404	$540	$404	$137
2 BR 942 SF 60%	$501	$502	$540	$502	$39
2 BR 942 SF EO	$501	#N/A	$540	$502	$39
2 BR 1,021 SF 50%	$403	$404	$575	$404	$172
2 BR 1,021 SF 60%	$501	$502	$575	$502	$74
3 BR 1,109 SF 50%	$472	$472	$625	$472	$153
3 BR 1,109 SF 60%	$586	$586	$625	$586	$39
3 BR 1,188 SF 50%	$472	$472	$660	$472	$188

Market Impact:

The Market Analyst does not explicitly comment on the impact the subject development will have on the market area.

Comments:

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of less than one unit per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 52 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department’s standard criteria.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 4/23/2008

The Underwriter utilized the lesser of the Market Analyst's market rent conclusion or the projected rents collected per unit calculated by subtracting tenant-paid utility allowances as of November 2007, maintained by The City of Fort Stockton, from the 2008 program gross rent limits. Tenants will be required to pay electric utility costs only.
The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 2 Date of Last Applicant Revision: 5/20/2008

The Applicant's total revised annual operating expense projection at $3,439 per unit is within 5% of the Underwriter's estimate of $3,403, derived from the TDHCA database, and third-party data sources. The Underwriter also considered historical operating expenses from one of the developer's other properties also located in Fort Stockton. The Applicant provided actual operating expenses for TDHCA #05187 Valley Creek Apartments (fka Valley View) for the year ending December 31, 2007. The Applicant's budget shows property tax to be $4K higher when compared to Valley Creek actuals.

Conclusion:

The Applicant's effective gross income, net operating income and operating expenses are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proforma and estimated debt service result in a debt coverage ratio (DCR) above the current underwriting maximum guideline of 1.35. Therefore, the recommended financing structure reflects an increase in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

Both the Applicant's and the Underwriter's expense to income ratio are very high reflecting the significant deep rent targeting proposed in the application. The Applicant's estimate at 64.92%, is marginally below the 65% Department guideline. Because the Applicant's NOI is generally accepted, the Applicant's expense to income ratio is also used and is acceptable.

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 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 7.63 acres	$25,060	Tax Year:	2007
1 acre:	$3,284	Valuation by:	Pecos CAD
Existing Buildings:	N/A	Tax Rate:	2.2067
Total Prorated Value:	$14,973		

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EVIDENCE of PROPERTY CONTROL

Type: Commercial and Industrial Real Estate Sale Contract   Acreage: 4.56

Contract Expiration: 10/31/2008   Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $98,000   Other:

Seller: Clayton Alexander and Omer Price   Related to Development Team? [ ] Yes [x] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: None   Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of $21,491 per acre or $2,042 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of $142K for water & fire hydrants, off-site paving and wastewater sewer lines and provided sufficient third party certification through a professional engineer to justify these costs.

Sitework Cost:

The Applicant's claimed sitework costs of $9K 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 $18K or 1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's eligible contingency costs were adjusted down by $50 to meet the Department guideline of 5% of eligible sitework and direct construction costs for new construction developments. The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $4,114,050 supports annual tax credits of $444,976. 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

SOURCES & USES Number of Revisions: 1   Date of Last Applicant Revision: 4/23/2008

Source: Lancaster Pollard   Type: **Interim to Permanent Financing**

Interim:	$1,160,000	Interest Rate:	8.25%	x	Fixed	Amort: 24	months
Permanent:	$1,160,000	Interest Rate:	4.75%	x	Fixed	Amort: 480	months

Source: Centerline Capital   Type: **Syndication**

Proceeds: $3,583,000   Syndication Rate: 82%   Anticipated HTC: $ 436,959

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee and any decrease below $0.72 per credit dollar may jeopardize the financial feasibility of the deal. Alternatively, should the final credit price increase to more than $0.82, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: $7,000 Type: **Deferred Developer Fees**

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department’s maximum guideline of 1.35. The underwriting analysis assumes an increase in the permanent loan amount to $1,181,909 based on the terms reflected in the application materials. As a result the development’s gap in financing will decrease.

The Applicant’s total development cost estimate less the adjusted permanent loan of $1,181,909 indicates the need for $3,568,091 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $435,141 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant’s revised request ($433,000), the gap-driven amount ($435,141), and eligible basis-derived estimate ($444,976), the Applicant's revised request of $433,000 is recommended resulting in proceeds of $3,550,537 based on a syndication rate of 82%.

The Underwriter’s recommended financing structure indicates the need for $17,554 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:	*Diamond Unique Thompson*	Date:	July 7, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	July 7, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Southern View Apartments, Fort Stockton, 9% HTC #08299

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	WS&T
TC 50%	2	1	1	690	$408	$346	$692	$0.50	$62.25	$42.50
TC 60%	4	1	1	690	$490	$405	$1,620	$0.59	$62.25	$42.50
TC 50%	2	1	1	768	$408	$346	$692	$0.45	$62.25	$42.50
TC 60%	4	1	1	768	$490	$428	$1,711	$0.56	$62.25	$42.50
TC 50%	5	2	2	942	$490	$404	$2,018	$0.43	$86.50	$43.50
TC 60%	6	2	2	942	$588	$502	$3,009	$0.53	$86.50	$43.50
EO	1	2	2	942	#N/A	$502	$502	$0.53	$86.50	$43.50
TC 50%	4	2	2	1,021	$490	$404	$1,614	$0.40	$86.50	$43.50
TC 60%	8	2	2	1,021	$588	$502	$4,012	$0.49	$86.50	$43.50
TC 50%	2	3	2	1,109	$566	$472	$944	$0.43	$94.00	$44.50
TC 60%	4	3	2	1,109	$680	$586	$2,344	$0.53	$94.00	$44.50
TC 50%	2	3	2	1,188	$566	$472	$944	$0.40	$94.00	$44.50
TC 60%	4	3	2	1,188	$680	$586	$2,344	$0.49	$94.00	$44.50
TOTAL:	48		**AVERAGE:**	960		$468	$22,444	$0.49	$82.31	$43.50

INCOME	Total Net Rentable Sq Ft: 46,086			TDHCA	APP-5/20/08	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$269,328	$269,112	Pecos		12
Secondary Income		Per Unit Per Month:	$10.00	5,760	5,760	$10.00	Per Unit Per Month	
Other Support Income:				0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$275,088	$274,872			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(20,632)	(20,616)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$254,456	$254,256			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APP-5/20/08	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		10.40%	$552	0.57	$26,475	$24,554	$0.53	$512	9.66%
Management		5.00%	265	0.28	12,723	12,713	0.28	265	5.00%
Payroll & Payroll Tax		15.94%	845	0.88	40,550	40,550	0.88	845	15.95%
Repairs & Maintenance		1.44%	77	0.08	3,674	3,673	0.08	77	1.44%
Utilities		3.06%	162	0.17	7,799	7,798	0.17	162	3.07%
Water, Sewer, & Trash		7.89%	418	0.44	20,079	20,077	0.44	418	7.90%
Property Insurance		3.92%	208	0.22	9,976	9,976	0.22	208	3.92%
Property Tax	2.2067	7.91%	419	0.44	20,125	23,738	0.52	495	9.34%
Reserve for Replacements		4.72%	250	0.26	12,000	12,000	0.26	250	4.72%
TDHCA Compliance Fees		0.74%	39	0.04	1,880	1,920	0.04	40	0.76%
Other: Sup Servs		3.17%	168	0.17	8,064	8,064	0.17	168	3.17%
TOTAL EXPENSES		64.194%	$3,403	$3.54	$163,346	$165,063	$3.58	$3,439	64.91994%
NET OPERATING INC		35.81%	$1,898	$1.98	$91,110	$89,193	$1.94	$1,858	35.08%
DEBT SERVICE									
Lancaster Pollard		25.48%	$1,351	$1.41	$64,833	$67,069	$1.46	$1,397	26.38%
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		10.33%	$547	$0.57	$26,277	$22,124	$0.48	$461	8.70%
AGGREGATE DEBT COVERAGE RATIO					1.41	1.33			
RECOMMENDED DEBT COVERAGE RATIO						1.35			

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)		2.29%	$2,250	$2.34	$108,000	$108,000	$2.34	$2,250	2.27%
Off-Sites		3.01%	2,958	3.08	142,000	142,000	3.08	2,958	2.99%
Sitework		9.16%	9,000	9.37	432,000	432,000	9.37	9,000	9.09%
Direct Construction		47.82%	46,981	48.93	2,255,068	2,273,000	49.32	47,354	47.85%
Contingency	5.00%	2.85%	2,799	2.92	134,353	135,300	2.94	2,819	2.85%
Contractor's Fees	14.00%	7.98%	7,837	8.16	376,190	378,700	8.22	7,890	7.97%
Indirect Construction		4.63%	4,552	4.74	218,500	218,500	4.74	4,552	4.60%
Ineligible Costs		5.85%	5,748	5.99	275,900	275,900	5.99	5,748	5.81%
Developer's Fees	15.07%	11.37%	11,167	11.63	536,000	536,000	11.63	11,167	11.28%
Interim Financing		2.98%	2,929	3.05	140,600	140,600	3.05	2,929	2.96%
Reserves		2.05%	2,016	2.10	96,756	110,000	2.39	2,292	2.32%
TOTAL COST		100.00%	$98,237	$102.32	$4,715,367	$4,750,000	$103.07	$98,958	100.00%
Construction Cost Recap		*67.81%*	***$66,617***	***$69.38***	***$3,197,611***	***$3,219,000***	***$69.85***	***$67,063***	*67.77%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Lancaster Pollard	24.60%	$24,167	$25.17	$1,160,000	$1,160,000	$1,181,909	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0	0	0	$536,000
Centerline Capital	75.99%	$74,646	$77.75	3,583,000	3,583,000	3,550,537	% of Dev. Fee Deferred
Deferred Developer Fees	0.15%	$146	$0.15	7,000	7,000	17,554	3%
Additional (Excess) Funds Req'd	-0.73%	($722)	($0.75)	(34,633)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,715,367	$4,750,000	$4,750,000	$445,850

Southern View Apartments, Fort Stockton, 9% HTC #08299

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$54.63	$2,517,746
Adjustments				
Exterior Wall Finish	0.80%		$0.44	$20,142
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.24)	(56,916)
Floor Cover			2.43	111,989
Breezeways/Balconies	$31.31	2,888	1.96	90,409
Plumbing Fixtures	$805	72	1.26	57,960
Rough-ins	$400	96	0.83	38,400
Built-In Appliances	$1,850	48	1.93	88,800
Exterior Stairs	$1,800	12	0.47	21,600
Enclosed Corridors	$44.71		0.00	0
Heating/Cooling				0
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	$73.67	2,741	4.38	201,961
Other: fire sprinkler	$2.15	46,086	2.15	99,085
SUBTOTAL			69.24	3,191,175
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(9.00)	(414,853)
TOTAL DIRECT CONSTRUCTION COSTS			$60.24	$2,776,322
Plans, specs, survy, bld prm	3.90%		($2.35)	($108,277)
Interim Construction Interes	3.38%		(2.03)	(93,701)
Contractor's OH & Profit	11.50%		(6.93)	(319,277)
NET DIRECT CONSTRUCTION COSTS			$48.93	$2,255,068

PAYMENT COMPUTATION

Primary	$1,160,000	Amort	480
Int Rate	4.75%	DCR	1.41

Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.41

Additional	$3,583,000	Amort	
Int Rate		Aggregate DCR	1.41

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$66,058
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$23,135

Primary	$1,181,909	Amort	480
Int Rate	4.75%	DCR	1.35

Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.35

Additional	$3,583,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

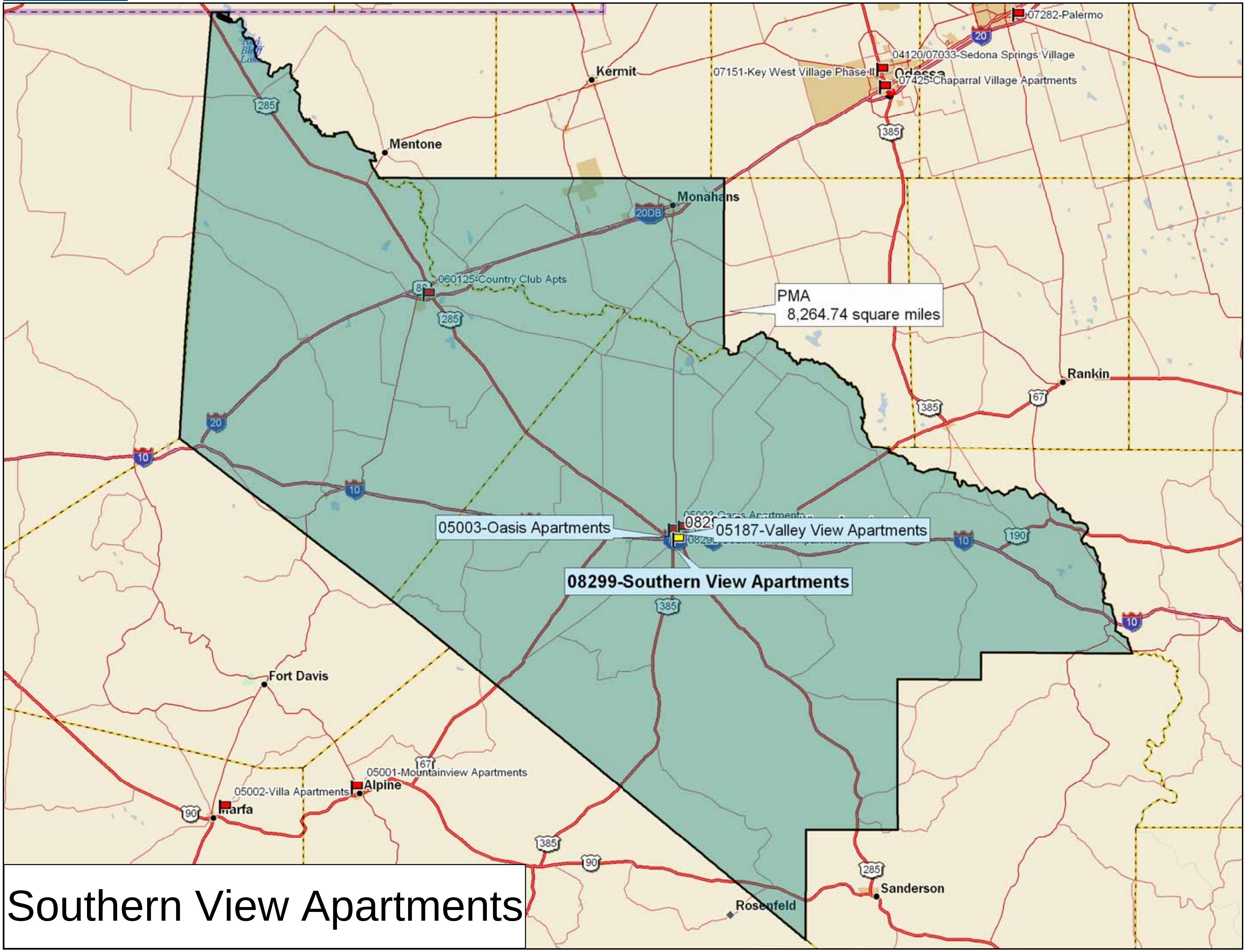
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$269,328	$277,408	$285,730	$294,302	$303,131	$351,412	$407,383	$472,268	$634,689
Secondary Income	5,760	5,933	6,111	6,294	6,483	7,515	8,713	10,100	13,574
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	275,088	283,341	291,841	300,596	309,614	358,927	416,095	482,368	648,263
Vacancy & Collection Loss	(20,632)	(21,251)	(21,888)	(22,545)	(23,221)	(26,920)	(31,207)	(36,178)	(48,620)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$254,456	$262,090	$269,953	$278,051	$286,393	$332,008	$384,888	$446,191	$599,643
EXPENSES at 4.00%									
General & Administrative	$26,475	$27,534	$28,636	$29,781	$30,972	$37,683	$45,847	$55,780	$82,567
Management	12,723	13,105	13,498	13,903	14,320	16,600	19,244	22,310	29,982
Payroll & Payroll Tax	40,550	42,173	43,859	45,614	47,438	57,716	70,220	85,434	126,463
Repairs & Maintenance	3,674	3,821	3,974	4,133	4,298	5,229	6,362	7,741	11,458
Utilities	7,799	8,111	8,435	8,773	9,124	11,100	13,505	16,431	24,322
Water, Sewer & Trash	20,079	20,882	21,717	22,586	23,489	28,578	34,770	42,303	62,619
Insurance	9,976	10,375	10,790	11,222	11,671	14,200	17,276	21,019	31,113
Property Tax	20,125	20,930	21,767	22,638	23,544	28,644	34,850	42,401	62,763
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	9,944	10,342	10,755	11,186	11,633	14,153	17,220	20,951	31,012
TOTAL EXPENSES	$163,346	$169,753	$176,412	$183,333	$190,527	$230,984	$280,075	$339,650	$499,723
NET OPERATING INCOME	$91,110	$92,337	$93,541	$94,718	$95,865	$101,024	$104,813	$106,541	$99,920
DEBT SERVICE									
First Lien Financing	$66,058	$66,058	$66,058	$66,058	$66,058	$66,058	$66,058	$66,058	$66,058
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	$25,052	$26,279	$27,483	$28,660	$29,807	$34,966	$38,755	$40,483	$33,862
DEBT COVERAGE RATIO	1.38	1.40	1.42	1.43	1.45	1.53	1.59	1.61	1.51

HTC ALLOCATION ANALYSIS -Southern View Apartments, Fort Stockton, 9% HTC #08299

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$108,000	$108,000		
Purchase of buildings				
Off-Site Improvements	$142,000	$142,000		
Sitework	$432,000	$432,000	$432,000	$432,000
Construction Hard Costs	$2,273,000	$2,255,068	$2,273,000	$2,255,068
Contractor Fees	$378,700	$376,190	$378,700	$376,190
Contingencies	$135,300	$134,353	$135,250	$134,353
Eligible Indirect Fees	$218,500	$218,500	$218,500	$218,500
Eligible Financing Fees	$140,600	$140,600	$140,600	$140,600
All Ineligible Costs	$275,900	$275,900		
Developer Fees				
Developer Fees	$536,000	$536,000	$536,000	$536,000
Development Reserves	$110,000	$96,756		
TOTAL DEVELOPMENT COSTS	$4,750,000	$4,715,367	$4,114,050	$4,092,711

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$4,114,050	$4,092,711
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$5,348,265	$5,320,524
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$5,348,265	$5,320,524
Applicable Percentage		8.32%	8.32%
TOTAL AMOUNT OF TAX CREDITS		$444,976	$442,668
Syndication Proceeds	**0.8200**	**$3,648,735**	**$3,629,810**
Total Tax Credits (Eligible Basis Method)		**$444,976**	**$442,668**
Syndication Proceeds		**$3,648,735**	**$3,629,810**
Requested Tax Credits		**$433,000**	
Syndication Proceeds		**$3,550,537**	
Gap of Syndication Proceeds Needed		**$3,568,091**	
Total Tax Credits (Gap Method)		**$435,141**	



TN

MN (7.6°E)

Scale 1 : 1,200,000

1" = 18.94 mi

Data Zoom 7-4

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: File

From: Audrey Martin, Real Estate Analysis

cc: Ben Sheppard, Multifamily Finance Production

Date: August 11, 2009

Re: Amendment Request for Blackshear Homes, TDHCA #08300

Background

Original Award:

- Awarded $316,123 in Housing Tax Credits ("HTC") during the 2008 9% HTC cycle.
- Awarded as part of the Board's decision to award tax credits to all developments on the 2008 waiting list
- Award based on a 10% increase to direct construction and site work costs.

Tax Credit Assistance Program ("TCAP") Application:

- The Applicant has applied for TCAP funding.
- TCAP application will be evaluated separate from this amendment request.

Amendment Request

In a letter dated July 13, 2009, the Owner requested approval to increase the number of tracts to be acquired from 8 to 16. The number of units, unit mix, and unit floor plans have not changed.

The acquisition of additional lots will allow for larger lot sizes for the planned single family residences. The City of San Angelo committed to sell the additional eight lots to the development for $750 per lot. This represents a $6,000 increase in acquisition cost.

Although the Applicant submitted revised operating, development cost, and financing information, the Underwriter's analysis evaluated only the effect of the increase in site acreage on the original tax credit application. The Underwriter assumed a $6,000 increase in the original acquisition cost. The Owner's revised development cost schedule included a $68,000 increase in site work costs. Because this increase was likely due to the acquisition of additional tracts of land, the Underwriter also included this cost increase in the analysis. With the exception of these two items, the new information submitted by the Applicant in conjunction with the amendment request / TCAP application was not evaluated, but will be evaluated in conjunction with the review of the TCAP application.

Conclusion

Total Development Cost – The total cost increase of $74,000 ($6,000 in acquisition cost and $68,000 in additional site work cost) does not negatively impact the underwriting of the transaction. At application, there would have been sufficient deferred developer fee to fund the additional costs.

Environmental Site Assessment ("ESA") – An ESA was provided for the new tracts, and included the following recognized environmental conditions:

> "1. A historical REC effecting all eight subject properties exists due to a past LPST site at 2013 North Bryant Boulevard.
>
> 2. An Existing REC effecting the seven subject properties south of West 19th Street exist due to an active LPST site at 1821 North Bryant Boulevard.
>
> 3. An existing REC effecting the seven subject properties south of West 19th Street exist due to use of steel tanks for petroleum storage at 1821 North Bryant Boulevard."

The cited concerns are related to environmental concerns at two sites northeast of the subject properties. The ESA provider stated that because the subject properties are served by City of San Angelo Water Utility, and because a seasonally high groundwater table is not an issue in the area, no recommendation for a Phase 2 environmental study was made.

No change to the credit recommendation is recommended prior to the completion of the review of the application for TCAP funding.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 12/29/08 PROGRAM: 9& HTC FILE NUMBER: **08300**

DEVELOPMENT

Blackshear Homes

Location: 8 scattered sites on Shelton Street, W. 19th, Brown & Lillie Streets Region: 12

City: San Angelo County: Tom Green Zip: 76902 [x] QCT [ ] DDA

Key Attributes: Single Family, New Construction, Urban

ALLOCATION

	REQUEST			* RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$278,624			**$316,123**		

* The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

CONDITIONS

1 Receipt, review, and acceptance of documentation prior to cost certification that adequate financing has been sourced as well as a resolution to the identity of interest Seller long-term financing.

2 Receipt, review, and acceptance, by cost certification, of clear title including evidence of the release of the liens between the City and James Freeman.

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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	12
60% of AMI	60% of AMI	8

PROS

- The proposed development has a great deal of community support.

CONS

- Both the Underwriter's and Applicant's expense to income ratio is very high, and the Applicant's is only slightly less than the maximum guideline (64.95%), reflecting extensive deep rent targeting.

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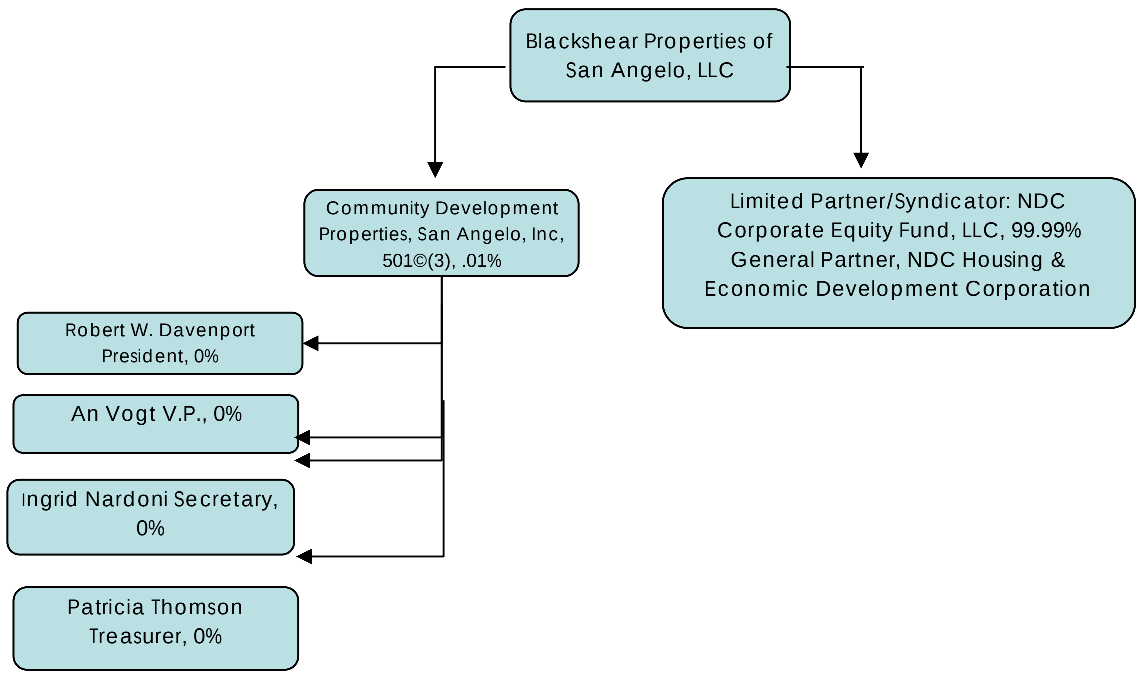
-
- The anticipated syndication proceeds as a percentage of total cost (83%) is higher than the typical percentage (less than 70%) for a 9% transaction due to the level of low income targeting.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM



CONTACT

Contact: Stephanie Dugan Phone: (214) 491-1500 Fax: (214) 291-5206
Email: sdugan@nationaldevelopmentcouncil.org

KEY PARTICIPANTS

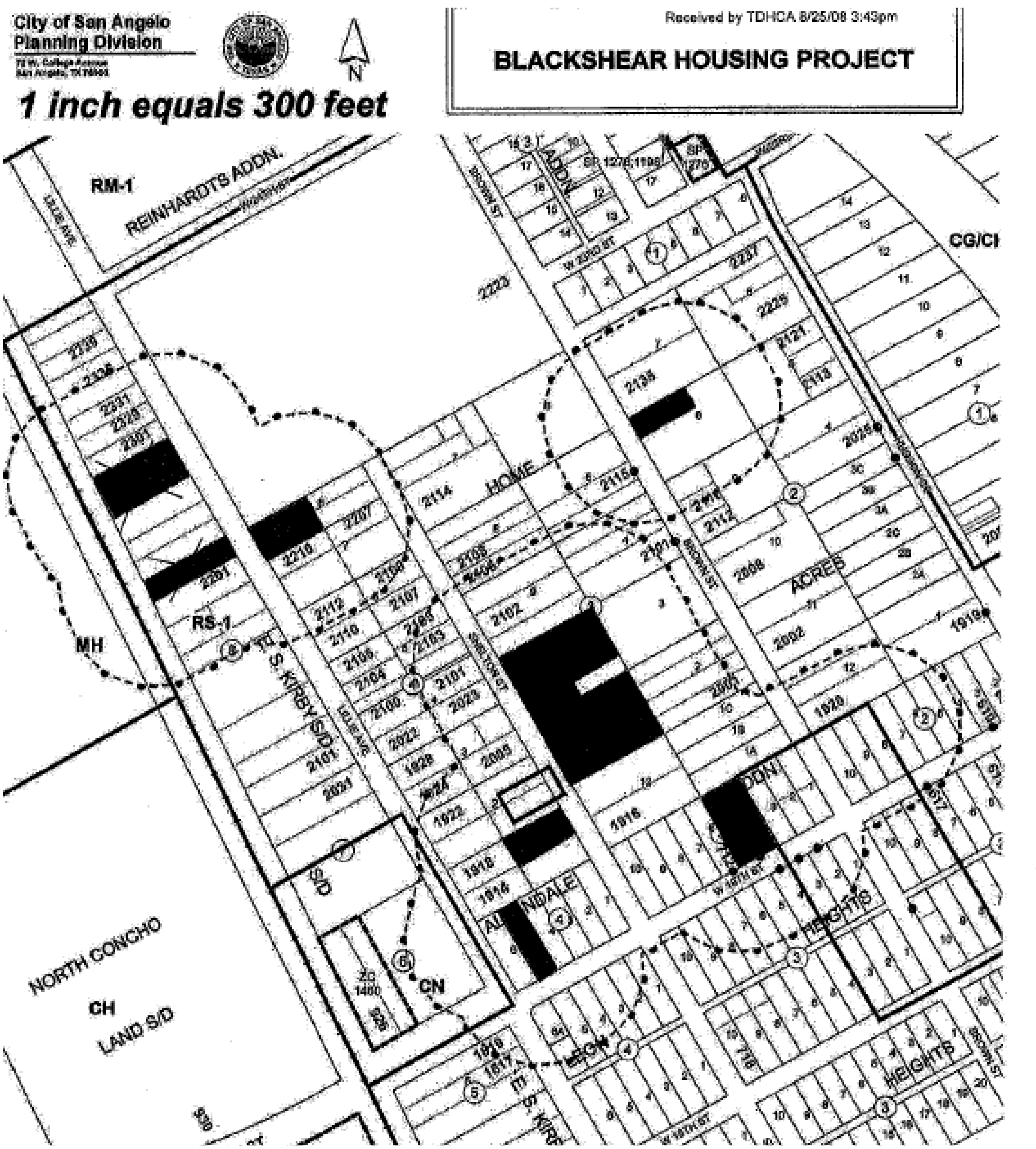
Name	Financial Notes	# Completed Developments
Community Development Properties of San Angelo	N/A	N/A
NDC Housing & Economic Development Corp.	N/A	2
Galilee Community Development Corporation	N/A	None Identified

IDENTITIES of INTEREST

- The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.
- The seller (the City of San Angelo) is regarded as a related party due to the proposed 30-year seller

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B									Total Buildings*
Floors/Stories	1	1									
Number	10	10									**20**

BR/BA	SF	Units										Total Units	Total SF
3/2	1,212	1										10	12,120
3/2	1,214		1									10	12,140
Units per Building		1	1									**20**	**24,260**

*8 tracks of land will be subdivided into 20 separate home sites.

SITE ISSUES

Total Size:	3.9285 acres	Scattered site?	[x] Yes [ ] No
Flood Zone:	Zone X	Within 100-yr floodplain?	[ ] Yes [x] No
Zoning:	RS-1	Needs to be re-zoned?	[ ] Yes [x] No [ ] N/A

Comments:

The property is presently zoned RS-1, Single Family Residential.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 4/10/2008

Overall Assessment:

[ ] Excellent [x] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: Commercial uses and vacant land.

South: West 19th Street, residential and commercial uses.

East: North Brown Street and residential uses.

West: Little Street, residential and commercial uses.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: SKG Engineering Date: 3/20/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None identified.

MARKET HIGHLIGHTS

Provider: Vogt Williams Bowen Research Date: 1/7/2008

Contact: Robert Vogt Phone: (512) 351-4781 Fax: (512) 258-8244

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 45.63 square feet (3.82 miles radius)

"The boundaries of the Site PMA include Farm to Market Route 2105 to the north; U.S. Highway 277, Loop 306, Loop 378, Christoval Road, and Farm to Market Road 388 to the east; Loop 306 to the south; and U.S. Highway 67 and the O.C. Fisher Dam to the west." (p.IV-9)

Secondary Market Area (SMA):

None defined.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Country Village Apartments	05109	160	Rehab	N/A			
Concho Village Apartments	060189	240	Rehab				
River Place Apartments	08138	120	Elderly				

INCOME LIMITS						
Tom Green						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	$17,200	$19,650	$22,100	$24,550	$26,500	$28,500
60	$20,640	$23,580	$26,520	$29,460	$31,800	$34,200

UNDERWRITER'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
3 BR/50% Rent Limit	169	-1		168	12	52	38%
3 BR/60% Rent Limit	204	-2		202	8	98	52%

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
3 BR/50% Rent Limit	169	-1		168	10	0	6%
3 BR/60% Rent Limit	204	-2		202	10	49	29%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. VII-4	100%	27,088	96%	26,086	5%	1,356	41%	562	63%	365
Underwriter	100%	27,088	96%	25,930	10%	2,518	39%	970	40%	388
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. VII-4				-151	5%	-8	41%	-3	100%	-3
Underwriter			96%	-131	10%	-12	39%	-5	100%	-5

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. VII-4	20	49	0	69	362	19.06%
Underwriter	20	0	0	20	384	5.22%
HISTA Data Alternate	20	0	0	20	98	20.49%

The Underwriter independently evaluated demand for the subject using both the traditional method of calculating demand and the HISTA data alternative. Both calculations result in an acceptable capture rate below the Department's 25% guideline for family developments.

Primary Market Occupancy Rates:

"Based on our survey of conventional rentals, a total of 2,987 non-subsidized (market-rate and Tax Credit) units were surveyed in the Floresville Site PMA. Of these 2,987 non-subsidized units that were surveyed, 94.7% are occupied. More specifically, the market-rate units were 94.7% occupied and the Tax Credit units are 93.7% occupied. Although the non-subsidized occupancy rate is moderate, we feel that the market can support additional housing, particularly considering the low number of units proposed for the subject (20 units)." (p.II-3)

Absorption Projections:

"It is our opinion that the 20 units at the subject site would reach a stabilized occupancy of 95.0% within four to six months of opening." (p. II-4)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
3 BR 1,212 SF 50%	$424	$424	$900	$424	$476
3 BR 1,212 SF 60%	$552	$551	$900	$551	$349
3 BR 1,214 SF 50%	$424	$424	$900	$424	$476
3 BR 1,214 SF 60%	$552	$551	$900	$551	$349

Market Impact:

The Market Analyst does not explicitly comment on the impact the Subject will have on the market.

Comments:

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 92 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 100 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of October 1, 2007, maintained by the City of San Angelo, from the 2008 program gross rent limits. Tenants will be required to pay all electric utilities plus water, sewer and trash costs. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 8/11/2008

The Applicant's total revised annual operating expense projection at $3,487 per unit is within 5% of the Underwriter's estimate of $3,407, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: Payroll and Payroll Tax ($4K lower), Repairs & Maintenance ($5K lower), Utilities ($2K lower), and Property Tax ($13K higher).

Conclusion:

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. Based on the Applicant's proforma and estimated debt service, the DCR is projected to be 1.17 which falls within the Department's guidelines. However, the calculated DCR is only based upon debt service from the City of San Angelo funds and the original $111,678 of deferred developer fee structured as a loan.

Given that the Department did not receive documentation to support the deferred developer fee as a note and typically does not structure this source of funding as a loan, the resulting DCR reflected in the Applicant's proforma does not entirely reflect the development's true debt service potential. The Underwriter's analysis does not reflect the deferred developer fee as a loan. Therefore, the true debt service considering only the City of San Angelo funds is significantly above the current underwriting maximum guideline of 1.35. This would suggest that the development could support additional true debt in the form of a permanent mortgage based a 30 year amortization period indicated in the permanent financing documentation submitted at application.

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However, the Applicant indicates that in order to stay within Department guidelines regarding expense to income limits, the estimated expenses were significantly understated. The originally submitted expenses were based on the Developer's 18-unit comparable property 90 miles away from the Subject and reflected an extraordinary expense to income ratio of 76.54%; which is significantly above the Department maximum of 65%. Further, the Applicant indicates that rather than project operating expenses that were significantly higher than TDHCA guidelines, structuring the development with effectively no hard debt, would allow the property to be successful even if actual operating expenses were determined to be higher.

The Underwriter believes it should be possible to operate this scattered site property even more cost effectively given its ability to achieve a 50% property tax exemption (not included in this analysis) and savings due to the absence of a full time leasing office and club house. In addition, single family units tend to turnover less frequently and require less management and maintenance. Therefore, the Underwriter's recommended financing structure reflects a second permanent mortgage. This is discussed in more detail in the conclusion to the “Financing Structure Analysis” section (below).

Feasibility:

Both the Applicant's and the Underwriter's expense to income ratio are very high reflecting the significant deep rent targeting proposed in the application. The Applicant's revised estimate at 64.95%, is marginally below the 65% Department guideline. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. However, because the Applicant's NOI is generally accepted, the Applicant's marginal expense to income ratio is also used and is acceptable.

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 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 3.93 acres	N/A	Tax Year:	2007
		Valuation by:	Tom Green CAD
		Tax Rate:	2.47582

EVIDENCE of PROPERTY CONTROL

Type:	Letter of Intent	Acreage:	3.9285
Contract Expiration:	2/21/2009	Valid Through Board Date?	[x] Yes [ ] No
Acquisition Cost:	$750 per lot	Other:	
Seller:	City of San Angelo	Related to Development Team?	[ ] Yes [x] No

TITLE

Comments:

There are several liens between the City and James Freeman dating from 1989 to 1998 with varying amounts from $18 to $97 (Items 6-14). Receipt, review and acceptance by closing of documentation that these liens have been released is a condition of this report.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 8/11/2008

Acquisition Value:

As proposed, the seller will be providing a 30-year note to the development. The amount of the loan however, is significantly higher than the acquisition cost. The seller's financing represents an ongoing interest in the property and therefore could be considered to be a related sale though the seller is not otherwise a part of the development team.

The Department's current rules include development team members as related parties. The Definition for Development Team Member does not specifically include lender though it does include anyone that has a continuing role in the operation of the development. The purpose of the identity of interest rules are to ensure that a fair price is being used to transfer the property when an identity of interest exists. The Underwriter included all of the nominal sales price in the acquisition.

Sitework Cost:

The Applicant's claimed sitework costs of $5,575 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 $63K or 4% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $2,576,035 supports annual tax credits of $301,396. The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation.

In addition, the Board approved increase in the credit amount for all 2008 transactions provides an additional 10% of direct construction and site work cost as contingency. In this case, the increase results in an additional eligible basis amount of $163,636 and $14,727 in additional credit. The total eligible credit of $316,123 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 8/11/2008

Source: First Financial Bankshares Type: **Interim Financing**

Principal: $1,000,000 Interest Rate: 6.0% [x] Fixed Term: 18 months

Comments:

The Applicant indicates that the construction loan will be paid off from the equity provided by the tax credits.

Source: City of San Angelo Type: **Interim to Permanent Financing**

Interim: $200,000 Interest Rate: 0.00%

Permanent: $200,000 Interest Rate: 6.00% [x] Fixed Amort: 360 months

Comments:

The interim funds will be loaned at 0%. Upon completion and conversion to permanent, the funds will be fixed at the lesser of 6% or the AFR at closing.

Source:	NDC Corporate Equity fund VIII, LP		Type:	**Syndication**	
Proceeds:	$2,060,962	Syndication Rate: 75%		Anticipated HTC:	$ 274,795

Comments:

Due to the recent volatility in credit pricing, it should be noted, a decrease below $0.66 per credit dollar may jeopardize the financial feasibility of the deal. Alternatively, based on the current analysis, a two cent increase in the final credit price would warrant downward adjustment to the credit amount.

Amount:	$111,678	Type:	**Deferred Developer Fees**

Comments:

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

CONCLUSIONS

Recommended Financing Structure:

The Applicant has included debt service from a deferred developer fee note; however, no actual loan note outlining the proposed terms and rate was provided. Information in the Application originally indicated the" loan" was to be amortized over 15 years at 0%; however, subsequent to correspondence with the Applicant, it was indicated the claimed "loan" would instead be amortized over 15 years at 15%. Generally, due to the uncertainty of this being a tangible loan, the Underwriter would not include any debt service from the proposed loan in the recommended financing structure, but rather include these funds in the deferred developer fee.

However, as mentioned previously, without the additional debt service, the Applicant's proforma and estimated debt service results in a debt coverage ratio (DCR) of 2.62, which is significantly above the current underwriting maximum guideline of 1.35. Therefore, the Underwriter has structured the proposed deferred developer loan as a second conventional loan. The Department's current rules require an amortization of at least 30 years which is the term used as a proxy in this analysis.

As stated above, the proforma analysis results in a debt coverage ratio above the Department’s maximum guideline of 1.35. The underwriting analysis assumes the development will receive a second loan at an interest rate of 6% for 30 years in an amount of not less than $187,473 in order to bring the debt coverage ratio within the parameters of the Department's guidelines. Similarly, the deferred developer "loan" could be fully replaced with conventional funds if a more competitive interest rate was sought.

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions using the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5% therefore, the Applicant's cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the TDHCA Board for purposes of determining the recommended tax credit allocation.

This section intentionally left blank.

The Applicant's total development cost estimate (including the 10% increase) less the adjusted permanent loan of $387,473 (includes 2nd permanent mortgage loan of $187,473) indicates the need for $2,423,598 in gap funds. Based on the currently submitted syndication terms, a tax credit allocation of $323,146 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount ($323,146), and eligible basis-derived estimate, including 10% increase in basis ($316,123), the eligible basis-derived estimate of $316,123 is recommended resulting in proceeds of $2,370,924 based on a syndication rate of 75%.

The Underwriter's recommended financing structure indicates the need for $52,673 in additional permanent funds. Deferred developer fees in this amount appear to be repayable within five years of stabilized operation.

Underwriter:	*Diamond Unique Thompson*	Date:	December 29, 2008
Reviewing Underwriter:	*Raquel Morales/Thomas Cavanagh*	Date:	December 29, 2008
Director of Real Estate Analysis:	*Tom Gouris*	Date:	December 29, 2008

MULTIFAMILY COMPARATIVE ANALYSIS

Blackshear Homes, San Angelo, 9& HTC #08300

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 50%		6	3	2	1,212	$638	$424	$2,544	$0.35	$214.00	$49.00
TC 60%		4	3	2	1,212	$765	$551	$2,204	$0.45	$214.00	$49.00
TC 50%		6	3	2	1,214	$638	$424	$2,544	$0.35	$214.00	$49.00
TC 60%		4	3	2	1,214	$765	$551	$2,204	$0.45	$214.00	$49.00
TOTAL:		20		**AVERAGE:**	1,213		$475	$9,496	$0.39	$214.00	$49.00

INCOME	Total Net Rentable Sq Ft:		24,260		**TDHCA**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$113,952	$114,048	Tom Green		12
Secondary Income			Per Unit Per Month:	$8.50	2,040	2,040	$8.50	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$115,992	$116,088			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(8,699)	(8,712)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$107,293	$107,376			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.38%	$343	0.28	$6,850	$7,150	$0.29	$358	6.66%
Management		5.00%	268	0.22	5,365	5,350	0.22	268	4.98%
Payroll & Payroll Tax		17.16%	920	0.76	18,408	14,500	0.60	725	13.50%
Repairs & Maintenance		11.23%	602	0.50	12,046	7,310	0.30	366	6.81%
Utilities		1.85%	99	0.08	1,980	205	0.01	10	0.19%
Water, Sewer, & Trash		0.55%	29	0.02	588	500	0.02	25	0.47%
Property Insurance		6.05%	325	0.27	6,491	5,500	0.23	275	5.12%
Property Tax	2.47582	8.77%	470	0.39	9,408	22,227	0.92	1,111	20.70%
Reserve for Replacements		4.66%	250	0.21	5,000	5,000	0.21	250	4.66%
TDHCA Compliance Fees		0.75%	40	0.03	800	800	0.03	40	0.75%
Other: Asst Mngt		1.12%	60	0.05	1,200	1,200	0.05	60	1.12%
TOTAL EXPENSES		63.50%	$3,407	$2.81	$68,135	$69,742	$2.87	$3,487	64.95%
NET OPERATING INC		36.50%	$1,958	$1.61	$39,157	$37,634	$1.55	$1,882	35.05%
DEBT SERVICE									
Deferred Developer Fees		0.00%	$0	$0.00	$0	$19,227	$0.79	$961	17.91%
City of San Angelo		13.41%	$719	$0.59	14,389	12,884	$0.53	$644	12.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		23.08%	$1,238	$1.02	$24,768	$5,523	$0.23	$276	5.14%
AGGREGATE DEBT COVERAGE RATIO					2.72	1.17			
RECOMMENDED DEBT COVERAGE RATIO						1.35		6000	
CONSTRUCTION COST							3.81	3.1	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	**TDHCA**	**APPLICANT**	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.26%	$350	$0.29	$7,000	$7,000	$0.29	$350	0.25%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.11%	5,575	4.60	111,500	111,500	4.60	5,575	3.97%
Direct Construction		58.58%	79,370	65.43	1,587,404	1,524,860	62.85	76,243	54.24%
Contingency	4.71%	2.95%	4,000	3.30	80,000	80,000	3.30	4,000	2.85%
Contractor's Fees	13.39%	8.39%	11,370	9.37	227,400	227,400	9.37	11,370	8.09%
Indirect Construction		4.41%	5,971	4.92	119,425	119,425	4.92	5,971	4.25%
Ineligible Costs		1.13%	1,525	1.26	30,500	30,500	1.26	1,525	1.08%
Developer's Fees	18.93%	15.50%	21,000	17.31	420,000	420,000	17.31	21,000	14.94%
Interim Financing		3.43%	4,643	3.83	92,850	92,850	3.83	4,643	3.30%
Reserves		1.25%	1,695	1.40	33,900	33,900	1.40	1,695	1.21%
TOTAL COST		100.00%	$135,499	$111.71	$2,709,979	$2,811,071	$115.87	$140,554	100.00%
Construction Cost Recap		*74.03%*	***$100,315***	***$82.70***	***$2,006,304***	***$1,943,760***	***$80.12***	***$97,188***	*69.15%*
SOURCES OF FUNDS							**RECOMMENDED**		
First Financial Bankshares		0.00%	$0	$0.00	$0	$0	$187,473	Developer Fee Available	
City of San Angelo		7.38%	$10,000	$8.24	200,000	200,000	200,000	$420,000	
NDC Corporate Equity fund VIII, LP		86.19%	$116,788	$96.28	2,335,757	2,335,757	2,370,924	% of Dev. Fee Deferred	
Deferred Developer Fees		4.12%	$5,584	$4.60	111,678	111,678	52,673	13%	
Additional (Excess) Funds Req'd		2.31%	$3,127	$2.58	62,544	163,636	0	15-Yr Cumulative Cash Flow	
TOTAL SOURCES					$2,709,979	$2,811,071	$2,811,071	$187,986	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Blackshear Homes, San Angelo, 9& HTC #08300

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$85.39	$2,071,639
Adjustments				
Exterior Wall Finish			$0.00	$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(59,922)
Floor Cover			3.75	90,956
Porches & Patios	$20.86	3,168	2.72	66,091
Plumbing Fixtures	$1,110	(10)	(0.46)	(11,100)
Rough-ins	$400	20	0.33	8,000
Built-In Appliances	$2,575	20	2.12	51,500
Exterior Stairs			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			2.28	55,313
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	$2.15		0.00	0
SUBTOTAL			93.67	2,272,476
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.86		(13.11)	(318,147)
TOTAL DIRECT CONSTRUCTION COSTS			$80.56	$1,954,330
Plans, specs, survy, bld prmts	3.90%		($3.14)	($76,219)
Interim Construction Interest	3.38%		(2.72)	(65,959)
Contractor's OH & Profit	11.50%		(9.26)	(224,748)
NET DIRECT CONSTRUCTION COSTS			$65.43	$1,587,404

PAYMENT COMPUTATION

Primary		Amort	360
Int Rate	6.00%	DCR	#DIV/0!

Secondary	$200,000	Amort	360
Int Rate	6.00%	Subtotal DCR	2.72

Additional	$0	Amort	
Int Rate		Aggregate DCR	2.72

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$13,488
Secondary Debt Service	14,389
Additional Debt Service	0
NET CASH FLOW	$9,757

Primary	$187,473	Amort	360
Int Rate	6.00%	DCR	2.79

Secondary	$200,000	Amort	360
Int Rate	6.00%	Subtotal DCR	1.35

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.35

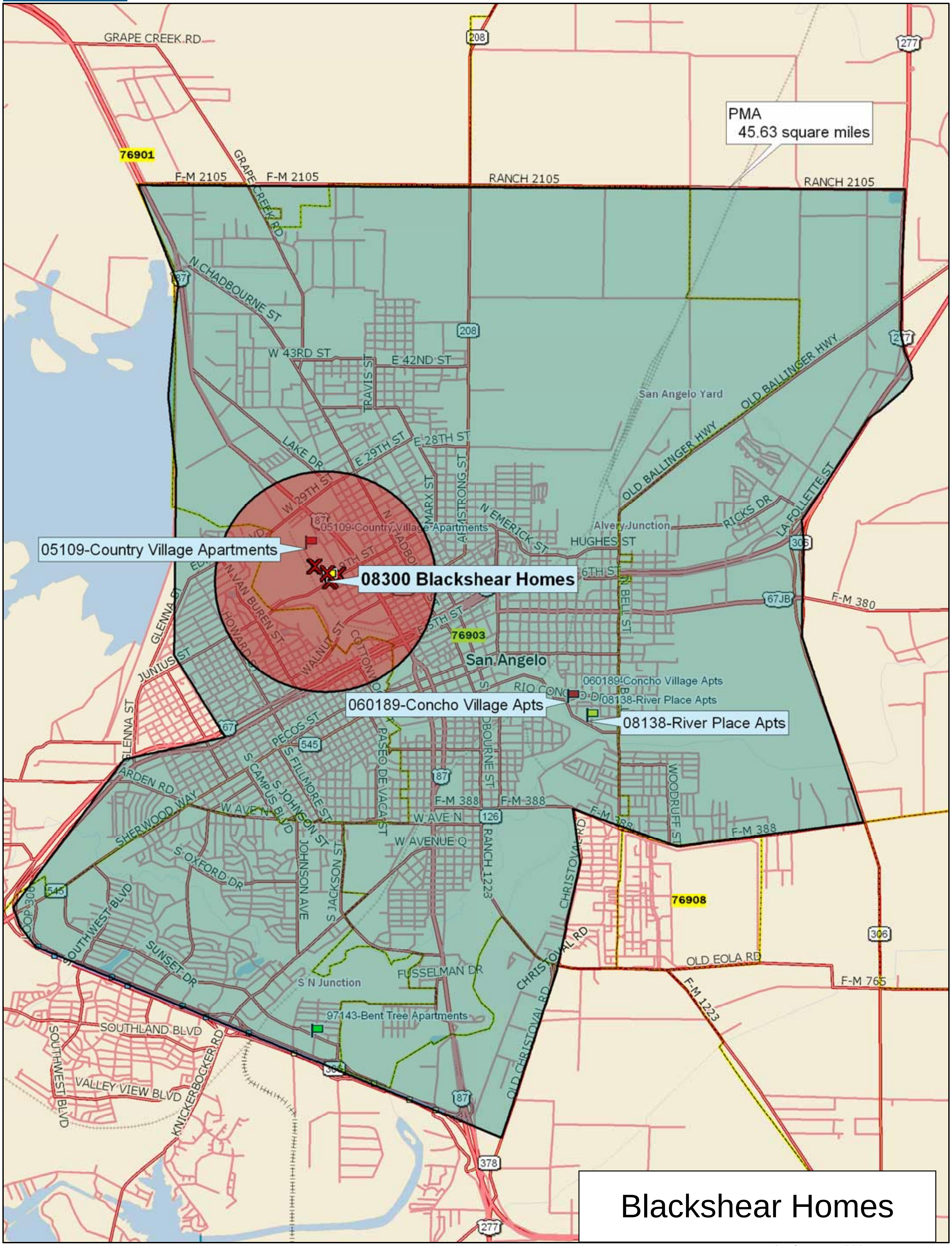
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

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	$114,048	$117,469	$120,994	$124,623	$128,362	$148,807	$172,508	$199,984	$268,762
Secondary Income	2,040	2,101	2,164	2,229	2,296	2,662	3,086	3,577	4,807
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	116,088	119,571	123,158	126,852	130,658	151,469	175,594	203,561	273,569
Vacancy & Collection Loss	(8,712)	(8,968)	(9,237)	(9,514)	(9,799)	(11,360)	(13,170)	(15,267)	(20,518)
Employee or Other Non-Rental Units or Conces	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$107,376	$110,603	$113,921	$117,339	$120,859	$140,108	$162,424	$188,294	$253,051
EXPENSES at 4.00%									
General & Administrative	$7,150	$7,436	$7,733	$8,043	$8,364	$10,177	$12,381	$15,064	$22,298
Management	5,350	5,511	5,676	5,846	6,022	6,981	8,093	9,382	12,608
Payroll & Payroll Tax	14,500	15,080	15,683	16,311	16,963	20,638	25,109	30,549	45,220
Repairs & Maintenance	7,310	7,602	7,906	8,223	8,552	10,404	12,659	15,401	22,797
Utilities	205	213	222	231	240	292	355	432	639
Water, Sewer & Trash	500	520	541	562	585	712	866	1,053	1,559
Insurance	5,500	5,720	5,949	6,187	6,434	7,828	9,524	11,588	17,153
Property Tax	22,227	23,116	24,041	25,002	26,002	31,636	38,490	46,829	69,318
Reserve for Replacements	5,000	5,200	5,408	5,624	5,849	7,117	8,658	10,534	15,593
Other	2,000	2,080	2,163	2,250	2,340	2,847	3,463	4,214	6,237
TOTAL EXPENSES	$69,742	$72,478	$75,322	$78,279	$81,351	$98,631	$119,599	$145,046	$213,424
NET OPERATING INCOME	$37,634	$38,124	$38,598	$39,060	$39,507	$41,478	$42,825	$43,248	$39,627
DEBT SERVICE									
First Lien Financing	$13,488	$13,488	$13,488	$13,488	$13,488	$13,488	$13,488	$13,488	$13,488
Second Lien	14,389	14,389	14,389	14,389	14,389	14,389	14,389	14,389	14,389
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$9,757	$10,247	$10,721	$11,183	$11,630	$13,600	$14,948	$15,371	$11,750
DEBT COVERAGE RATIO	1.35	1.37	1.38	1.40	1.42	1.49	1.54	1.55	1.42

HTC ALLOCATION ANALYSIS -Blackshear Homes, San Angelo, 9& HTC #08300

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
Acquisition Cost					
Purchase of land	$7,000	$7,000			
Purchase of buildings					
Off-Site Improvements					
Sitework	$111,500	$111,500	$111,500	$111,500	$11,150
Construction Hard Costs	$1,524,860	$1,587,404	$1,524,860	$1,587,404	$152,486
Contractor Fees	$227,400	$227,400	$227,400	$227,400	
Contingencies	$80,000	$80,000	$80,000	$80,000	
Eligible Indirect Fees	$119,425	$119,425	$119,425	$119,425	
Eligible Financing Fees	$92,850	$92,850	$92,850	$92,850	
All Ineligible Costs	$30,500	$30,500			
Developer Fees					
Developer Fees	$420,000	$420,000	$420,000	$420,000	
Development Reserves	$33,900	$33,900			
TOTAL DEVELOPMENT COSTS	$2,647,435	$2,709,979	$2,576,035	$2,638,579	$163,636

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS			$2,576,035	$2,638,579	$163,636
High Cost Area Adjustment			130%	130%	100%
TOTAL ADJUSTED BASIS			$3,348,846	$3,430,153	$163,636
Applicable Fraction			100%	100%	100%
TOTAL QUALIFIED BASIS			$3,348,846	$3,430,153	$163,636
Applicable Percentage			9.00%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS			$301,396	$308,714	$14,727
Syndication Proceeds		**0.7500**	**$2,260,470**	**$2,315,353**	**$110,454**
					with 10%
		Total Tax Credits (Eligible Basis Method)	**$301,396**	**$308,714**	**$316,123**
		Syndication Proceeds	**$2,260,470**	**$2,315,353**	**$2,370,924**
		Requested Tax Credits	**$278,624**		
		Syndication Proceeds	**$2,089,679**		
		Gap of Syndication Proceeds Needed	**$2,423,598**		
		Total Tax Credits (Gap Method)	**$323,146**		



TN
MN (6.3°E)

Scale 1 : 75,000
1" = 1.18 mi
Data Zoom 11-4

Cleburne Villas Apartments, L.P.

060629

Villas at Henderson Place

2951 Fall Creek Road Kerrville, Texas 78028

Via Overnight Courier

June 29, 2009

Ben Sheppard
TDHCA
221 East 11th Street
Austin, Texas 78711

RE: Villas at Henderson, TDHCA #060629

Dear Mr. Sheppard,

I am writing today on behalf of the owner of the above-referenced project to request an amendment to the original HTC application. In our original application, the total site acreage was shown to be 19.89 acres. However, after the project received an allocation, the City of Cleburne required us to dedicate the entrance road as a public right-of-way. This resulted in the actual site acreage being reduced to 17.765 acres.

We are requesting that our original application be amended to show the actual site acreage after the ROW dedication. We do not feel this is a major change, since the property is still served by the same road as was originally planned; it is simply public now. Although the cost of construction did not change, final cost of the roadway can be found in our cost certification, already submitted to the Department.

Thank you in advance for your consideration of this request. If I can be of any further assistance, do not hesitate to call me at (830) 257-5323.

Sincerely,

T. Justin MacDonald, for Cleburne Villas Apartments, L.P.

Application - bound in Vol. 3, Tab 3

060629

CURVE	RADIUS	DELTA	ARC	TANGENT	BEARING	CHORD
C1	497.01	07°22'25"	63.96	32.03	N 55°46'09" E	63.92
C2	175.00	36°20'33"	111.00	57.44	S 49°41'47" E	109.15
C3	80.94	36°26'43"	51.49	26.65	S 49°41'47" E	50.62

L E G E N D

- CONTROLLING MONUMENT
- 1/2" STEEL PIN SET WITH ORANGE PLASTIC CAP STAMPED "RECER FOX"
- 1/2" STEEL PIN FOUND
- 5/8" STEEL PIN FOUND
- 3/8" STEEL PIN FOUND
- CONC. MON. FOUND

PP - POWER POLE
FL - FLOW LINE
SSMH - SAN. SEWER MAN HOLE
SS - SANITARY SEWER
WV - WATER VALVE
FH - FIRE HYDRANT

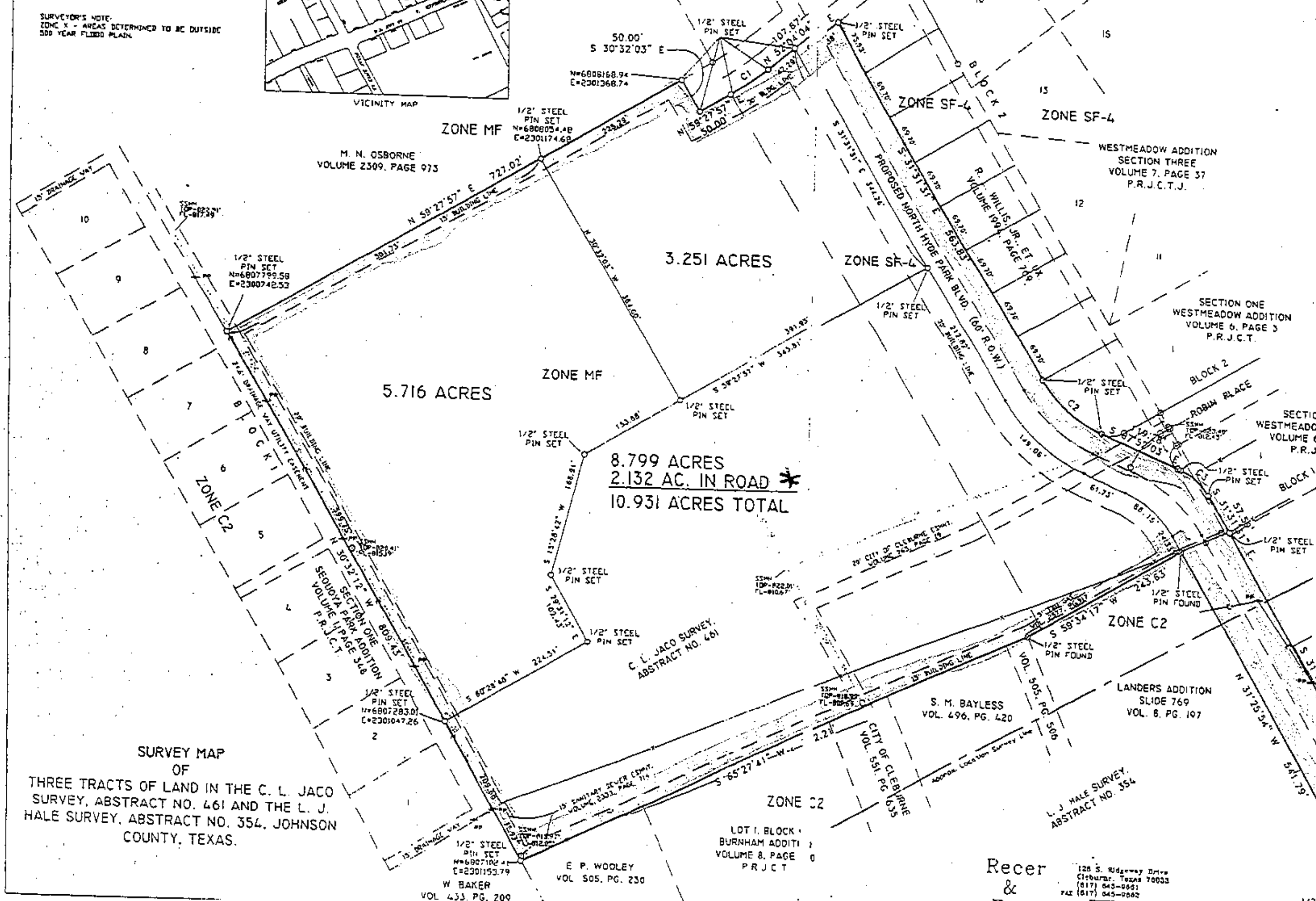
SURVEYOR'S NOTE:
ZONE X - AREAS DETERMINED TO BE OUTSIDE 500 YEAR FLOOD PLAIN.

VICINITY MAP

100 0 100 200 300 Feet

* BEARINGS CORRELATED TO THE TEXAS STATE PLANE COORDINATE SYSTEM, NORTH CENTRAL ZONE DATUM, NAD 83/93.

THE FOLLOWING EASEMENTS DO NOT AFFECT THE REFERENCED PROPERTY.
VOLUME 260, PAGE 196
VOLUME 317, PAGE 56
VOLUME 344, PAGE 422
VOLUME 366, PAGE 10
VOLUME 382, PAGE 513
VOLUME 382, PAGE 233
VOLUME 384, PAGE 403
VOLUME 384, PAGE 642
VOLUME 461, PAGE 114
VOLUME 1319, PAGE 862
VOLUME 1554, PAGE 831
VOLUME 2309, PAGE 977



SURVEY MAP
OF
THREE TRACTS OF LAND IN THE C. L. JACO SURVEY, ABSTRACT NO. 461 AND THE L. J. HALE SURVEY, ABSTRACT NO. 354, JOHNSON COUNTY, TEXAS.

Recer & Fox

128 S. Ridgeway Drive
Cleburne, Texas 76033
(817) 645-9661
FAX (817) 645-9662

Surveyor's Certificate
The undersigned, being a registered surveyor of the State of Texas, certifies to, JP Morgan Chase Bank, N.A., its successors and/or assigns, American Title and Lawyers Title Insurance Corporation, GMAC Commercial Mortgage Corporation, a California corporation, Fannie Mae, its successors and assigns, Texas Department of Housing and Community Affairs, Wachovia Bank, National Association, trustee, and Surety Title Company, Fidelity National Title Insurance Company, St. Augustine Estates, LP., AMTAX Holdings 692, LLC

1. This map or plat and the survey on which it is based were made in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," jointly established and adopted by ALTA, ACSM, and NSPS in 1999, and included Items 1,2,3,4,8,9,10,11a,13,14,15,16, of Table A thereof. Pursuant to the accuracy standards as adopted by ALTA, NSPS, and ACSM and in effect on the date of this certification, the undersigned further certifies that the survey measurements were made in accordance with the "Minimum angle, distance and closure requirements for survey measurements which control land boundaries for ALTA/ACSM land title surveys."
2. The survey was made on the ground between October of 2004 through May, 2005, and correctly shows the area of the subject property, the location and type of all buildings, structures, and other improvements situated on the subject property, and any other matters situated on the subject property.
3. Except as shown on the survey, there are no visible easements or rights of way of which the undersigned has been advised.
4. Except as shown on the survey, there are no observable encroachments (A) by the improvements on the subject property upon adjoining properties, streets or alleys, or (B) by the improvements on adjoining properties, streets or alleys upon the subject property.
5. The location of each easement, right-of-way, servitude, and other matters affecting the subject property and listed in the title insurance case no. 2004 MC 845559-T (00352), effective date August 16, 2004, issued by Lawyers Title Insurance Corporation with respect to the subject property, has been shown on the survey, together with appropriate recording references, to the extent that such matters can be located. The property shown on the survey is the property described in that title commitment. The location of all improvements on the subject property is in accord with minimum setback provisions and restrictions of record referenced in such title commitment.
6. The subject property has access to and from a duly dedicated and accepted public street or highway.
7. Except as shown on the survey, the subject property does not serve any adjoining property for drainage, utilities, or ingress or egress.
8. The record description of the subject property forms a mathematically closed figure.
9. Except as shown on the survey, no portion of the property shown on the survey lies within a special hazard area, as described on the flood insurance rate map for the community in which the subject property is located. The survey correctly indicates the zone designated of any area shown as being within a special hazard area.
10. The parties listed above are entitled to rely on the survey and this certificate as being true and accurate.

Jerry F. Fox
Jerry F. Fox
Registered Professional Land Surveyor
Texas Registration Number 4009

STATE OF TEXAS
REGISTERED
JERRY F. FOX
4009
PROFESSIONAL LAND SURVEYOR

10.931 Acres
5.716 Acres
3.251 Acres
19.898 Acres
- 2.132 Acres*
17.766 Acres

060629

community laundry room, controlled access gates, an enclosed sun porch or covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room, a furnished fitness center, a swimming pool, two children's playgrounds equipped for 5 to 12 year olds/two tot lots/one of each.

Uncovered Parking: 324 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Villas at Henderson Place is a 7-unit per acre new construction Intergenerational development located in western Cleburne. The development is comprised of five family walk-up residential buildings containing 60 units and fifteen senior garden style buildings containing 80 units as follows:

No. of Buildings	No. of Floors	1BR	2BR	3BR
2 Family	2	8	8	0
3 Family	2	0	8	8
6 Senior	1	4	0	0
9 Senior	1	0	4	0

The development includes a 3,128-square foot family community building and a 2,120-square foot senior community building.

While the development plan reflects separate leasing facilities, the Underwriter is concerned with regard to the Applicant's awareness of the Department's requirement for separate leasing personnel for the seniors units and family units for in a development characterized as "intergenerational." The site plan labels only one of the common area buildings as a leasing office which will be located in the community building associated with the family units. The second building is listed as a recreational building but appears to include an office. Also, when questioned about administrative and payroll operating expenses, the Applicant indicated the development would be run as one property with no effect on personnel. The Applicant should be made aware of the requirements for intergenerational developments that have been approved since the HTF application was first submitted.

SITE DESCRIPTION

Total Size:	19.898 acres	**Scattered sites?**	☐ Yes ☒ No
Flood Zone:	Zone X	**Within 100-year floodplain?**	☐ Yes ☒ No
Current Zoning:	MR & SF-4	**Needs to be re-zoned?**	☐ Yes ☒ No ☐ N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at the northwest corner of W. Henderson (US Highway 67) and Hyde Part Court in western Cleburne in Johnson County. Cleburne is located approximately 29 miles south of Fort Worth and approximately 55 miles southwest of Dallas and approximately 60 miles northwest of Waco.

Adjacent Land Uses:

- **North:** undeveloped land and a multi-family residential apartment immediately adjacent and Woodward Avenue beyond;
- **South:** single-family residential houses and commercial businesses immediately adjacent and West Henderson Street/US Highway 67 business beyond;
- **East:** single-family residential immediately adjacent and vacant land beyond;
- **West:** residential duplexes immediately adjacent and Nolan River Road beyond.

Site Access: US Highway 67 which bisects the City of Cleburne in a northeast-southwest direction is located west of the site which provides direct access to all areas of the city.

Public Transportation: Public transportation to the area is provided by Cletran.

Shopping & Services: "Access to supportive retail and service facilities within the immediate Cleburne market area is considered excellent along the corridors of West Henderson Street or US Highway 67. Retail and service facilities along this major traffic corridor include grocery stores, drug stores, restaurants, financial institutions, and multi-purpose stores." (p. II-8)

COST CERTIFICATION

060629

EXHIBIT 5A: DEVELOPMENT SUMMARY with ARCHITECT'S CERTIFICATION

DEVELOPMENT NAME: Villas at Henderson Place **FILE NUMBER:** 060629

Indicate in BOLD any changes to the Development and provide documentation from the Department which acknowledges the changes, labeled as Exhibit 5B. If the Department did not receive prior notification, submit a letter with support documentation stating the reason for the changes. Unless prior approval was given, a reduction in the tax credit allocation may occur.

Set-Aside: ☐ Non-Profit ☒ General ☐ Rural/Prison Communities ☐ Other: (Specify)

Does this development serve exclusively Elderly households? ☒ No ☐ Yes

LOCATION

Development Address: 303 N. Hyde Park Blvd.

City: Cleburne County: Johnson Zip: 76033

SITE ATTRIBUTES

Total Site Acreage: 17.765 # Units per Acre: 8

Census Tract Number: 1303.02 Zoning Designation/Use: MF / SF-4

The present use of the property is non-conforming under existing zoning restrictions. ☐ Yes ☒ No ☐ N/A

Federal Emergency Management Agency Flood Zone Designation(s): Zone(s) X

Site is entirely outside a designated 100 yr. Flood Hazard Area or Flood Plain? ☒ Yes ☐ No

Site is within Hazard Area but development is designed as required by program rules? ☐ Yes ☒ No

DEVELOPMENT ATTRIBUTES *Check all that apply*

Development is: ☒ New Construction ☐ Rehabilitation Only ☐ Acquisition & Rehabilitation

Building/Unit Configuration: ☐ Detached Residence ☐ Duplex ☐ Triplex ☒ Fourplex ☐ Townhome ☒ >4 units per building ☐ Single Room Occupancy

Maximum # of Floors: 2 Elevator-Served: ☒ No ☐ Yes

AT APPLICATION		PLACED IN SERVICE	
Total # of residential buildings:	20	Total # of residential buildings:	20
Total # of nonresidential buildings:	2	Total # of nonresidential buildings:	2
Total # of units:	140	Total # of units:	140
Gross Building Area (GBA):	142,159	Gross Building Area (GBA):	142,159
Net Rentable Area (NRA):	137,068	Net Rentable Area (NRA):	137,068
Common area square footage:	5,091	Common area square footage:	5,091

<u>Gross Building Area (GBA)</u>: GBA includes interior corridors, lobbies, basements, mezzanines, utility chases, and elevator shafts. The GBA includes community rooms, swimming pool bathhouses, mechanical rooms, maintenance shops, and storage rooms so long as such spaces are fully enclosed and available for use by or for the benefit of all tenants.

<u>Net Rentable Area (NRA)</u>: To qualify as NRA the space must be available exclusively to the tenant and is typically heated and cooled by a mechanical HVAC system. NRA does not include common hallways, stairwells, elevator shafts, janitor closets, electrical closets, balconies, porches, patios, or other areas not actually available to the tenants for their furnishings, nor does NRA include the enclosing of such walls.

APR 02 2009

Application V3 T3

Part B. Specifications and Amenities

060629

SITE ATTRIBUTES

Total Acquisition Acreage: 17.7 | Development Site Acreage: 17.7 | # Units per Acre: 8

DEVELOPMENT ATTRIBUTES *Selections must be consistent with submitted architectural plans*

Building/Unit Configuration:
- ☐ Detached Residence
- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☐ Townhome
- ☒ >4 units per building
- ☐ Single Room Occupancy (per §42(i)(3)(B))
- ☐ Transitional (per §42(i)(3)(B))

Maximum # of Floors: 2

# of Residential Buildings: 20

# of Hydraulic/__-Passenger Elevators: __

☒ Fire Sprinkler (FAMILY ONLY)

EXTERIOR *Selections must be consistent with items selected for points (if applicable) and submitted architectural plans*

Subfloor		Walls	
	☐ Wood		___% Plywood/Hardboard
	☒ Concrete Slab		___% Siding/Shingle
	☐ Other *(Describe)*		25% Masonry Veneer
			75% Cement Fiber
			___% Stucco
			___% Other *(Describe)*
Parking		**Roofs**	
	___ Shed or Flat Roof Carports		☐ Built-Up Rock
	___ Detached Garages		☒ Comp. Shingle
	324 Uncovered Spaces		☐ Comp. Roll
	___ Parking Garage Spaces		☐ Wood Shingle
	130-Seniors		☐ Wood Shake
	194-Family		☐ Other *(Describe)*

INTERIOR *Selections must be consistent with items selected for points (if applicable) and submitted architectural plans*

Flooring		Air System	
	75% Carpet		☐ Forced Air
	25% Resilient Covering		☐ Furnace
	___% Ceramic Tile		☐ Hot Water
			☒ Warm and Cooled Air
	___% Light Concrete		☐ Heat Pump, packaged
	___% Other *(Describe)*		☐ Wall Units
			☐ Other *(Describe)*
Kitchen		**Other**	
	☐ Microwave		☒ Phone Jack in each room
	☐ Icemaker		☐ High Speed in each room
	☐ Self-cleaning Oven (HC only)		☒ Laundry Connections
Walls			☐ Washer and Dryer included
	☒ Drywall		☐ Fireplace
	☐ Plaster		☒ Ceiling Fixture in each room
	☒ 9-Ft-Foot Ceilings		☒ Individual Water Heater
			☒ Other *Ceiling fans in bdrms & living area with fixtures*

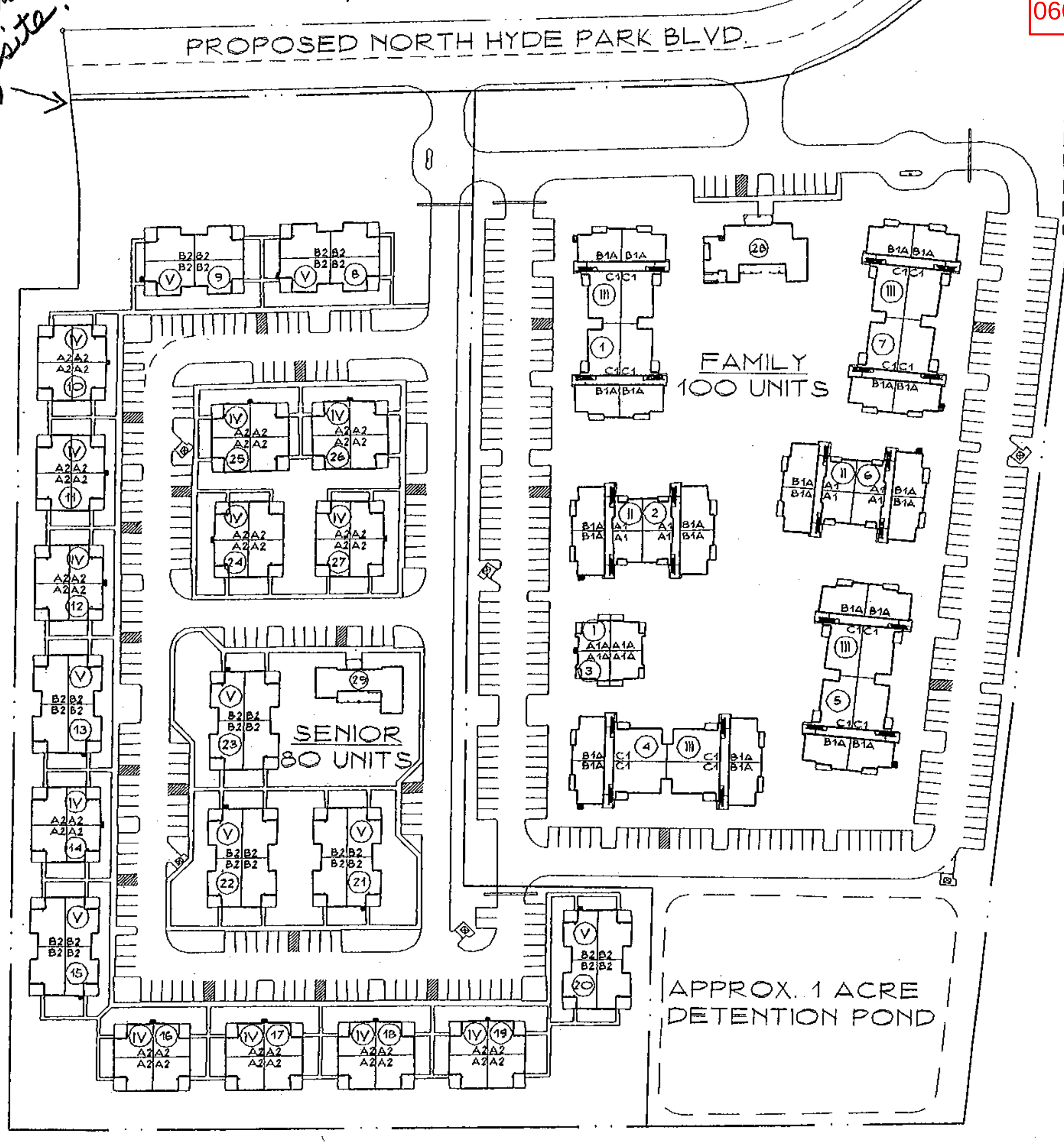
July 15, 06 page 1

Site plan page 1

Application - submitted unbound

060629

Note boundary line of site.



SITE PLAN

FAMILY/ SENIOR

180 UNITS

0 40' 80' 160'

CLEBURNE VILLAS APARTMENTS

ARCHON CORPORATION,
ARCHITECTURE/ PLANNING

WOLCO DEVELOPMENT, LLC.

Copies of this site plan in Vol 2 and Vol 3 were missing the upper right corner.

Cleburne Family

Application page 2 15 jul 06

Bound in Vol 3, Tab 1

Site plan page 2

060629

UNIT DATA

UNIT	TYPE	QUAN	%	AREA	TOTALS	
A1	1B/1B	16	16	652	10,432	SF
A1A	1B/1B	4	4	652	2,608	SF
B1A	2B/2B	48	48	965	46,320	SF
C1	3B/2B	32	32	1178	37,696	SF
TOTAL UNITS					100	U
AVG. UNIT SIZE					971	SF
TOTAL UNIT AREA					97,056	SF
LEASING/RECREATION					3,128	SF
TOTAL BLDG AREA					100,184	SF

SITE DATA

ZONING		MF	
APPROX LAND AREA	400,000sf	9.18	A *
DENSITY		10.89	U/A

PARKING DATA

REQUIRED			
CITY 2:1B / 2:2B / 3:3B		232	SP
PROVIDED		242	SP
OPEN	230		
HANDICAP	12		

BLDG DATA

BLDG TYPE	I	II	III
NO. OF BLDGS	1	2	4
NO. OF UNITS	4	16	16
UNIT TYPES	A1A	A1 / B1A	B1A / C1
BLDG HEIGHT	1 st	2 st	2 st

* 9.18 Acre
** 8.56 Acre
17.74 Acres

Cleburne Senior

15 jul 06

UNIT DATA

UNIT	TYPE	QUAN	%	AREA	TOTALS	
A2	1B/1B	48	60	814	39,072	SF
B2	2B/2B	32	40	1043	33,376	SF
TOTAL UNITS					80	U
AVG. UNIT SIZE					906	SF
TOTAL UNIT AREA					72,448	SF
LEASING/RECREATION					2,120	SF
TOTAL BLDG AREA					74,568	SF

SITE DATA

ZONING		MF	
APPROX LAND AREA	372,873 sf	8.56	A **
DENSITY		9.35	U/A

PARKING DATA

REQUIRED			
CITY 2:1B / 2:2B		160	SP
PROVIDED		170	SP
OPEN	150		
HANDICAP	20		

BLDG DATA

BLDG TYPE	IV	V
NO. OF BLDGS	12	8
NO. OF UNITS	4	4
UNIT TYPES	A2	B2
BLDG HEIGHT	1 st	1 st

Application V 3 T 3 Same information as sent to each elected official and neighborhood group.

RELEVANT DEVELOPMENT INFORMATION

060629

This form must be completed by the Applicant in its entirety. This form will be utilized by the Department in its notifications to officials as required by Chapter 2306, Texas Government Code.

Applicant Name: Cleburne Villas Apartments, L.P.

Development Name: Villas at Henderson

Dev. Street Address: 1648 W. Henderson

Dev. City: Cleburne

Dev. County: Johnson

Dev State and Zip: Texas 76033

Applicant Contact Name: G. Granger MacDonald

Contact Address: 2951 Fall Creek Road

Contact City/State/Zip: Kerrville, Texas 78028

Contact Phone: (830) 257-5323

Application Date: July 31, 2006

Total # Units: 180

Population Served: 60% - Intergenerational

Area Median Income: $63,400

Building/Unit Configuration: ☐ Garden Style Build ☐ Townhome ☐ High-Rise ☐ Mid-Rise
☒ ≥ 5 units per build ☐ Single Family ☐ Duplex / Triplex / Fourplex

Location of Units: ☒ Single lot or site ☐ Subdivision ☐ On scattered sites

Construction Type: ☒ New Construction ☐ Rehabilitation ☐ Acquisition / Rehabilitation

Maximum # of Floors: 2 Elevator-Served: ☒ No ☐ Yes Total Site Acreage: 17.74

# of Res. Buildings: 27 # of Non-Res. Buildings: 2 # Units per Acre: 10.14

Tenant Services (describe): ____

Family Income	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Person
30% AMFI	13,300	15,200				
60% AMFI	26,640	30,420	34,260	38,040	41,100	44,1000

[9] 1 bed/1 bath Units Rent: $240 Average Sq Ft 766

[39] 1 bed/1 bath Units Rent: $597 Average Sq Ft 766

[20] 1 bed/1 bath Units Rent: $597 Average Sq Ft 766

[48] 2 bed/2 bath Units Rent: $716 Average Sq Ft 996

[32] 2 bed/2 bath Units Rent: $716 Average Sq Ft 996

[32] 3 bed/2 bath Units Rent: $826 Average Sq Ft 1178

Market Study

market study dated 8/17/06

A. IDENTIFICATION OF THE PROPERTY

060629

Project Name/Location	Cleburne Villas at Henderson Place Apartments 1648 West Henderson Street Cleburne, Johnson County, Texas
Objective of the Market Study	To determine the market feasibility of low-income rental apartments at the Cleburne Villas at Henderson Place Apartments, Cleburne, Johnson County, Texas; as required in the Qualified Allocation Plan in Section 49.9(14)(B) and the Market Analysis Rules and Guidelines in Section 1.33 by the rules of the Texas Department of Housing and Community Affairs.
Project Sponsor:	Cleburne Villas, L.P.
Project Type/Number of Units:	140 unit proposed senior/family apartment project to be developed. 60 units will be designated for seniors while 80 units will be designated for families
Total Land Area:	16.51 gross acres; 16.51 net acres
Zoning Classification:	Multi-Family Residential; MF-R
Gross/Net Rental Building Area:	138,412 square feet; 135,284 square feet
Unit Mix	48 - one bedroom; 652-814 square feet 68 - two bedroom; 1,020-1,043 square feet 24 – three bedroom; 1,200 square feet
Tax Assessor's Parcel Number:	126-0354-00080

Vol. 6 (bond documents)

060629

EXHIBIT "B"

LEGAL DESCRIPTION

Approximately 17.74 acres in the C.L.Jaco Survey, Abstract No. 461 and the L.J. Hale Survey, Abstract No. 354, Johnson County, Texas

Jef.

060629

060629

PHASE I ENVIRONMENTAL SITE ASSESSMENT UPDATE
on
Henderson Estates
1647 W. Henderson Road
Cleburne, Texas

ALPHA REPORT NO. E05002-2
March 10, 2006

Prepared for:

Cleburne Villas Apartments, LP
2951 Fall Creek Road
Kerrville, Texas 78028
Attention: Ms. Lucille Jones

PREPARED BY:
Alpha Testing, Inc.
2209 Wisconsin Road, Suite 100
Dallas, Texas 75229

060629

1.0 EXECUTIVE SUMMARY

The property is a 17.95-acre, irregular shaped, undeveloped tract of land located at 1647 W. Henderson Road, in the City of Cleburne, Johnson County, Texas (hereinafter, the "Site", or the "subject Site"). ALPHA's Phase I ESA Update scope of work includes observation of readily accessible areas of the Site and adjoining nearby properties and the review of government environmental database records. The findings of this study are presented as follows:

- The Site is currently undeveloped land. Land use in the general vicinity of the Site includes residential and commercial developments.
- ALPHA's Phase I ESA dated January 17, 2005, which included the review of USGS topographic maps, geologic and soils maps, historical aerial photographs, historical city directories, and interviews with current owners, revealed no evidence of recognized environmental concerns (RECs) in connection with the Site.
- A review of local, state and federal regulatory databases identified no facilities that might pose a reasonable environmental concern to the Site.
- No evidence of hazardous chemicals or materials, surficial staining, distressed vegetation, underground/above ground storage tanks, hazardous waste disposal, or hazardous waste storage was observed on the Site. The Site and adjoining property reconnaissance revealed no evidence of RECs associated with the Site.

ALPHA has performed a Phase I Environmental Site Assessment Update in accordance with ALPHA Proposal Number 17524 dated February 27, 2006 for the 17.95-acre, irregular shaped, undeveloped tract of land located at 1647 W. Henderson Road, in the City of Cleburne, Johnson County, Texas. **This Phase I ESA Update has revealed no evidence of recognized environmental conditions in connection with the Site.**

2.0 INTRODUCTION

2.1 Objective

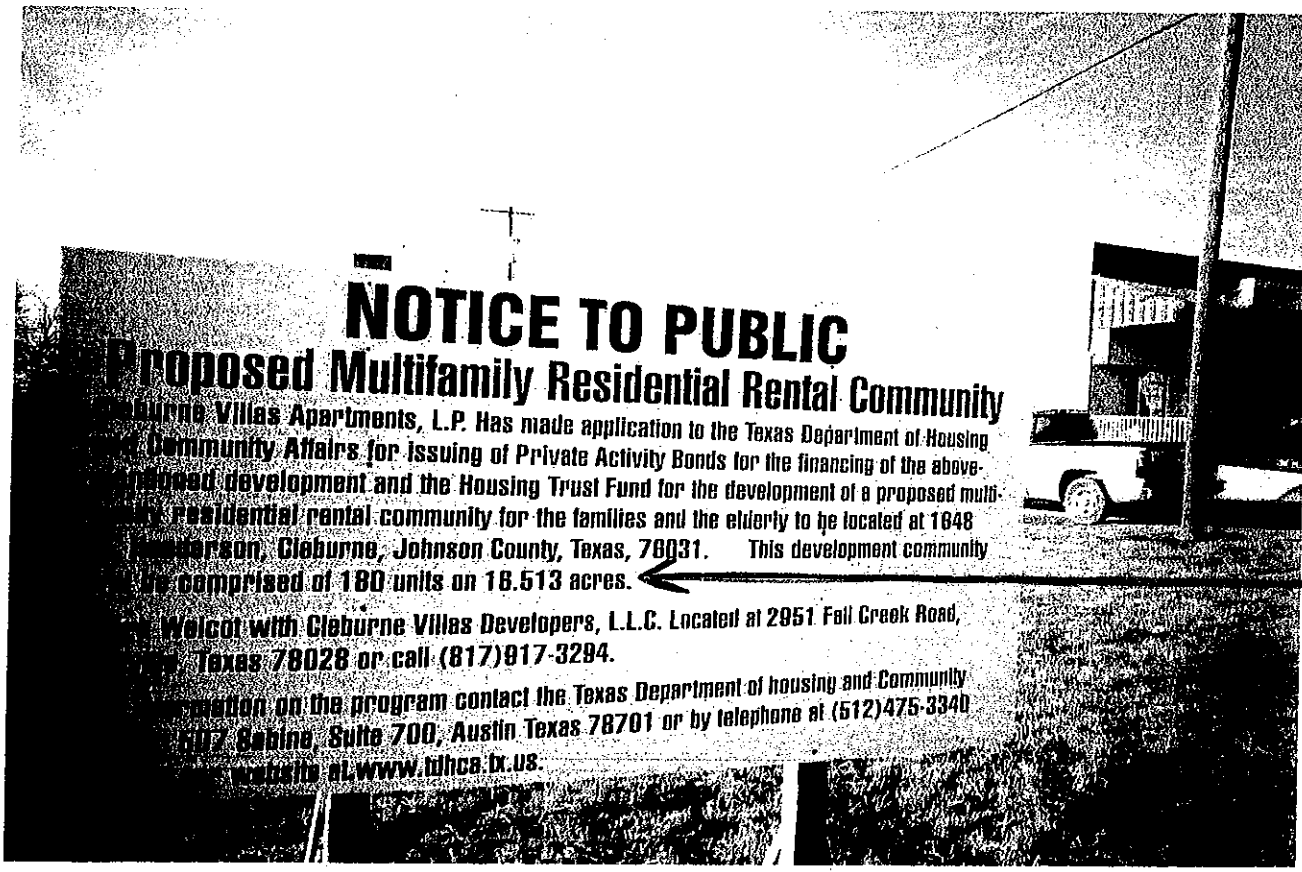
The objective of the Phase I ESA Update was to identify and evaluate recognized environmental conditions (RECs) and other environmental conditions of apparent concern at the Site. A REC is the presence or likely presence of any hazardous substances or petroleum products on a commercial property under conditions that indicate an existing release, a past release, or a material threat of a release. ALPHA's Phase I ESA Update contains information summarized for the Previous Report, as well as information gathered during a recent regulatory database review and site inspection.

Application V3 T3

060629

Cleburne Villas Apartments, L.P.

Cleburne, Texas



Evidence of Signage

Cost Certification

EXHIBIT 10C: TOTAL DEVELOPMENT COST SCHEDULE

060629

DEVELOPMENT NAME: Villas at Henderson Place **FILE NUMBER:** 060629

		DEVELOPMENT COST SUMMARY			Taxpayer Identification Number (TIN) and % of cost if item involves multiple payees [Texas Statutes, Title 10, Chapter 2306.184]
		Total Cost	Eligible Basis		
			Acquisition	New/Rehab.	
ACQUISITION					
Site acquisition cost		595,280			R.L. Willis, Jr. and Sarah T. Willis
Existing structures acquisition cost					
Closing costs & acq. legal fees					
Other:					
Subtotal Acquisition Cost		$595,280	$0	$0	
DIRECT CONSTRUCTION COSTS					
Offsite Work "0"					
Demolition					
Site Work		1,732,780		1,480,135	G.G. MacDonald, Inc. - 74-2592505
Residential Buildings		6,720,894		6,718,644	G.G. MacDonald, Inc. - 74-2592505
Accessory Buildings					
Subtotal Direct Construction Costs		$8,453,674	$0	$8,198,779	
OTHER CONSTRUCTION COSTS					
General requirements (<6%)	5.82%	477,551		477,551	G.G. MacDonald, Inc. - 74-2592505
Contractor overhead (<2%)	1.94%	159,182		159,182	G.G. MacDonald, Inc. - 74-2592505
Contractor profit (<6%)	5.82%	477,551		477,551	G.G. MacDonald, Inc. - 74-2592505
Subtotal Other Const. Costs		$1,114,284	$0	$1,114,284	
INDIRECT CONSTRUCTION COSTS					
Architectural - Design fees		121,195		121,195	See attached
Architectural - Supervision fees					
Engineering fees		113,234		113,234	See attached
Real estate attorney/other legal fees		81,827		38,634	See attached
Accounting fees		49,350		49,350	See attached
Impact Fees					
Building permits & related costs		60,918		60,918	City of Cleburne
Appraisal		7,300		7,300	Citibank - 13-5266470
Market analysis		9,000		9,000	Mark Temple - 248-02-8609
Environmental assessment		4,300		4,300	Alpha Testing - 75-1880278
Soils report		11,030		11,030	Alpha Testing - 75-1880278
Survey		5,707		5,707	Recer & Fox
Marketing		103,873			See attached
Course of construction insurance					
Hazard & liability insurance		80,868		74,566	Moon Shepherd Baker - 76-0204677
Real property taxes		12,515		12,515	Johnson County Tax Assessor
Personal property taxes					
Tenant relocation expenses					
Other: FF&E, Maps & Printing		48,547		48,547	See attached
Subtotal Indirect Const. Cost		$709,664	$0	$556,296	

See Independent Auditors' Report

060629

Ben Sheppard

From: T. Justin MacDonald [tjmacdonald@macdonald-companies.com]
Sent: Thursday, July 02, 2009 3:36 PM
To: Ben Sheppard
Cc: Robbye Meyer; Rosalio Banuelos; Lucille Jones
Subject: RE: 060629 Villas at Henderson

* You are correct. We were not compensated for the ROW dedication. There is not actually a separate dedication document, as it was done by plat when we recorded the final plat on the property.

T. Justin MacDonald, MBA, CGB
MacDonald Companies
Email: tjmacdonald@macdonald-companies.com
Office: 830.257.5323
Mobile: 830.285.2981
Fax: 830.257.3168

From: Ben Sheppard [mailto:ben.sheppard@tdhca.state.tx.us]
Sent: Thursday, July 02, 2009 3:25 PM
To: T. Justin MacDonald
Cc: Robbye Meyer; Rosalio Banuelos; Lucille Jones
Subject: RE: 060629 Villas at Henderson

The attached site plans in the application (begins "mfmu" above) and cost certification (begins "2009" above) both showed that North Hyde Park Blvd. was not part of the site plan. Besides that, the application's site plan was followed by a data sheet that showed the area of the site as 17.74 acres. We are going to try to get this approved administratively. We cannot process it fast enough to take it to the board until September 3.

One of the things we must confirm is that you gave up the ROW without compensation. Is that correct? If not, Rosalio will need the closing statement associated with the taking or dedication (or other manner of conveyance to the city).

Thanks.

Ben Sheppard
Specialist, Multifamily Finance
Texas Department of Housing & Community Affairs
(512) 475-2122

-----Original Message-----
From: T. Justin MacDonald [mailto:tjmacdonald@macdonald-companies.com]
Sent: Thursday, July 02, 2009 2:45 PM
To: Ben Sheppard
Cc: Lucille Jones
Subject: RE: 060629 Villas at Henderson

Ben,

Hope this helps. Let me know if I can provide you any more info.

T. Justin MacDonald, MBA, CGB
MacDonald Companies
Email: tjmacdonald@macdonald-companies.com
Office: 830.257.5323
Mobile: 830.285.2981

08264

DMA DEVELOPMENT COMPANY, LLC

June 11, 2009

Ben Sheppard
Multifamily Finance Production
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Cambridge Crossing
TDHCA # 08264 / # 1000991

Dear Mr. Sheppard:

On behalf of Corsicana DMA Housing, L.P., I am writing to request an amendment to Housing Tax Credit application #08264 for Cambridge Crossing in Corsicana for the following modifications (note: please disregard earlier amendment request letters):

1. The total number of buildings changed from nine (9) at application, to twenty (20). Our design team determined that this configuration was optimal in order to efficiently mitigate site-related challenges such as grading and drainage. Please see the attached revised site plan.

2. The total number of building types has been reduced from five (5) to two (2). This resulted from the increase in the total number of buildings. At application, the cottage units were grouped into four- and six-plexes, each consisting of different unit types. When the site plan was revised and the cottages were reconfigured into duplexes, the design became more uniform and more efficient thus reducing the number of different building types in the overall development.

3. The total number of unit types changed from four (4) to seven (7). Specifically, as the design of the low rise building evolved, several units were modified slightly to accommodate placement of the elevator, stairs, and common spaces. See below for more clarification.

4. Two unit types had a reduction of more than 3% in their total square footage. The two 1 bedroom/1 bathroom LR-A1 units in the low rise building are 705 SF each. At application, all 1 bedroom units in the low rise building were 748 SF. These two LR-A1 units lost 43 square feet because they were modified due to the entrance and lobby of the first floor. Additionally, unit type LR-B1 in the low rise building is a 2 bedroom/1 bathroom, 835 SF unit. This unit also decreased in square footage to accommodate the second floor lobby and elevator. At application, all 2 bedroom / 1 bathroom units were 947 SF. Please see attached floor plans for the low rise building.

5. Three of the 2 bedroom/1 bathroom units in the low-rise building were modified to include an additional bathroom, therefore the total number of 2 bedroom/ 2 bathroom units is 13, and the total number of 2 bedroom / 1 bathroom units is one. Since this is a betterment, an amendment for this change is not required. Nevertheless, we wanted to explain the change in unit mix.

4101 PARKSTONE HEIGHTS DRIVE, SUITE 310 AUSTIN, TEXAS 78746
TEL: 512.328.3232 WWW.MCIVER.COM FAX: 512.328.4584

08264

6. Additionally, the total number of parking spaces was increased from sixty-five (65) to one hundred twenty (120). Again, as this is a betterment for the property, an amendment is not required to explain the change in the unit mix.

7. The total number of carports decreased from 40 at application to 38. At application, the site plan showed 40 cottage units – each with a corresponding carport, with 20 additional units in the low rise building. When the site plan was changed, the total number of cottage units was reduced to 38, and the low rise building increased its total number of units to 22. Thus, the total number of carports was also reduced to correspond with the number of cottages.

8. The exterior composition of the low rise and cottages has also changed from application. The cottage units are 100% hardiplank and the low rise building is approximately 25% masonry and 75% hardiplank. These changes were necessary value-engineering measures.

Additionally, at Audrey Martin's request, attached is a revised pro forma. Please note that in order to meet the 65% income to expense ratio required by the Real Estate Analysis Rule, we reduced management fee to 2% of EGI. Because our management company is an affiliate (100% owned by Diana McIver), we will contract for this below-market percentage. To the extent that the property produces enough cash flow in later years to pay a higher percentage of management fee (for instance, after deferred fee is paid in full), we will renew the contract for 5% of EGI but will require that 3% be paid out of available cash flow.

We respectfully request that these changes be approved along with our amendment request. We understand that the Board has previously determined that changes of this nature should not result in penalties under the Adherence to Obligations section of the QAP, because this amendment was requested prior to construction commencement.

Thank you for your consideration of this request. If you have any questions or require any additional information, please call me at (512) 328-3232 ext. 166.

Sincerely,

DMA DEVELPOMENT COMPANY, LLC

Janine Sisak
Vice President / General Counsel

Enclosures

Application

Volume 1, Tab 2 Populations Served

08264

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Rental Income/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: *(TC30%), (TC40%), (TC50%), (TC60%), Employee Occupied (EO), Market Rate (MR), as allowed by Sec. 42.*

HOME: *High (HH), Low (LH), Employee Occupied non LI unit (MR/EO), Market Rate (MR)*

501(c)(3) Mortgage Revenue Bond: *(MRB), (MRB30%), (MRB40%), (MRB50%), (MRB60%), Market Rate(MRBMR).*

Other: *describe any "Other" rental assistance or rent restrictions in the space provided; documentation supporting the rent assistance or restrictions must be provided*

Housing Trust Fund: *(HTF30%), (HTF40%), (HTF50%), (HTF60%), (HTF80%), Market Rate (MR)*

Units funded under more than one program, the "Program Rent Limit" should be the most restrictive - for example, a LH and TC60% unit would use the "LH" Program rent limit.

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.

Development Name: Cambridge Crossing **City:** Corsicana

HTC Unit Designation	HOME Unit Designation	HTF Unit Designation	MRB Unit Designation	Other	# of Units (A)	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit (E)	Total Monthly Rent (A) x (E)
TC30%	LH				3	1	1.00	748	2,244	254	41	213	639
TC50%					13	1	1.00	748	9,724	423	41	382	4,966
TC50%				46	4	1	1.00	788	3,152	423	41	382	1,528
TC60%					26	1	1.00	788	20,488	508	41	467	12,142
TC50%	LH				2	2	1.00	908	1,816	508	46	462	924
TC50%					2	2	1.00	908	1,816	508	46	462	924
TC60%				14	8	2	2.00	947	7,576	610	46	564	4,512
MR					2	2	2.00	947	1,894	675	0	675	1,350
									0				-
									0				-
				Interior Corridors					~~1,541~~				-
				associated w/units					0				-
									0				-
									0				-
									0				-
									0				-
									0				-
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TOTAL	60		~~50,251~~ 48,710 NRA	26,985
Non Rental Income	$10.00	per unit/month for:	Laundry/Vending	600
Non Rental Income	0.00	per unit/month for:	describe source here	
Non Rental Income	0.00	per unit/month for:	describe source here	
+ TOTAL NONRENTAL INCOME	$10.00	per unit/month		600
= POTENTIAL GROSS MONTHLY INCOME				27,585
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	2,069
- Rental Concessions				
= EFFECTIVE GROSS MONTHLY INCOME				25,516
x 12 = EFFECTIVE GROSS ANNUAL INCOME				306,194

08264

Amendment

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Required for All Rental Developments)

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "unit Size" from lowest to highest "Rental Income/Unit".

Type of Unit designation should be one or more of the following based on the unit's rent restrictions:

Tax Credit: (TC30%), (TC40%), (TC50%), (TC60%), Employee Occupied (EO), Market Rate (MR), as allowed by Sec. 42.

HOME: High (HH), Low (LH), Employee Occupied non LI unit (MR/EO), Market Rate (MR)

501(c)(3) Mortgage Revenue Bond: (MRB), (MRB30%), (MRB40%), (MRB50%), (MRB60%), Market Rate(MRBMR)

Other: describe any "Other" rental assistance or rent restrictions in the space provided; documentation supporting the rental assistance or restrictions must be provided

Housing Trust Fund: (HTF30%), (HTF40%), (HTF50%), (HTF60%), (HTF80%), Market Rate (MR)

Units funded under more than one program, the "Program Rent Limit" should be the most restrictive - for example, a LH and TC60% unit would use the "LH" Program rent limit.

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits unless documentation of project-based rental assistance is provided. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings.

Development Name: Cambridge Crossing City: Corsicana

HTC Unit Designation	HOME Unit Designation	HTF Unit Designation	MRB Unit Designation	Other	# of Units (A)	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit (E)	Total Monthly Rent (A) x (E)
TC30%	LH				2	1	1.00	705	1,410	266	86	180	360
TC30%	LH				1	1	1.00	759	759	266	86	180	180
TC50%	LH				9	1	1.00	759	6,831	444	86	358	3,222
TC50%				46	6	1	1.00	759	4,554	444	86	358	2,148
TC50%					2	1	1.00	788	1,576	444	86	358	716
TC60%					26	1	1.00	788	20,488	533	86	447	11,622
TC50%	LH				1	2	1.00	835	835	533	111	422	422
TC50%					1	2	2.00	945	945	677	111	466	466
TC50%				14	2	2	2.00	948	1,896	677	111	466	932
TC60%					8	2	2.00	948	7,584	640	111	529	4,232
MR					2	2	2.00	1,044	2,088	662	0	662	1,324
									0				-
									0				-
				Interior Corridors					1,541				-
				associated w/units					0				-
									0				-
									0				-
									0				-
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									0				-
									0				-
			TOTAL		60				50,507				25,624

NRA = 48,966 ф

Non Rental Income	$10.00	per unit/month for: Laundry/Vending	600
Non Rental Income	0.00	per unit/month for: describe source here	
Non Rental Income	0.00	per unit/month for: describe source here	
+ TOTAL NONRENTAL INCOME	$10.00	per unit/month	600
= POTENTIAL GROSS MONTHLY INCOME			26,224
- Provision for Vacancy & Collection Loss		% of Potential Gross Income: 7.50%	1,967
- Rental Concessions			
= EFFECTIVE GROSS MONTHLY INCOME			24,257
x 12 = EFFECTIVE GROSS ANNUAL INCOME			291,086

Volume 1, Tab 2. Populations Served

Part B. Rent Schedule (Cont.)

HOUSING TAX CREDITS	TC30%	3
	TC40%	0
	TC50%	21
	TC60%	34
	HTC LI Total	58
	TCEO	0
	MR	2
	MR Total	2
	TC Total	60
MORTGAGE REVENUE BOND	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
	MRB LI Total	0
	MRBMR	0
	MRBMR Total	0
	MRB Total	0

HOUSING TRUST FUND	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	HTF80%	0
	HTF LI Total	0
	MR	0
	MR Total	0
	HTF Total	0
HOME	HOME HH	0
	HOME LH	13
	HOME LI Total	13
	MR/EO	0
	MR	0
	MR Total	0
	HOME Total	13
OTHER	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

Application

40 units around perimeter
20 units in central building

08264

DEVELOPMENT SUMMARY

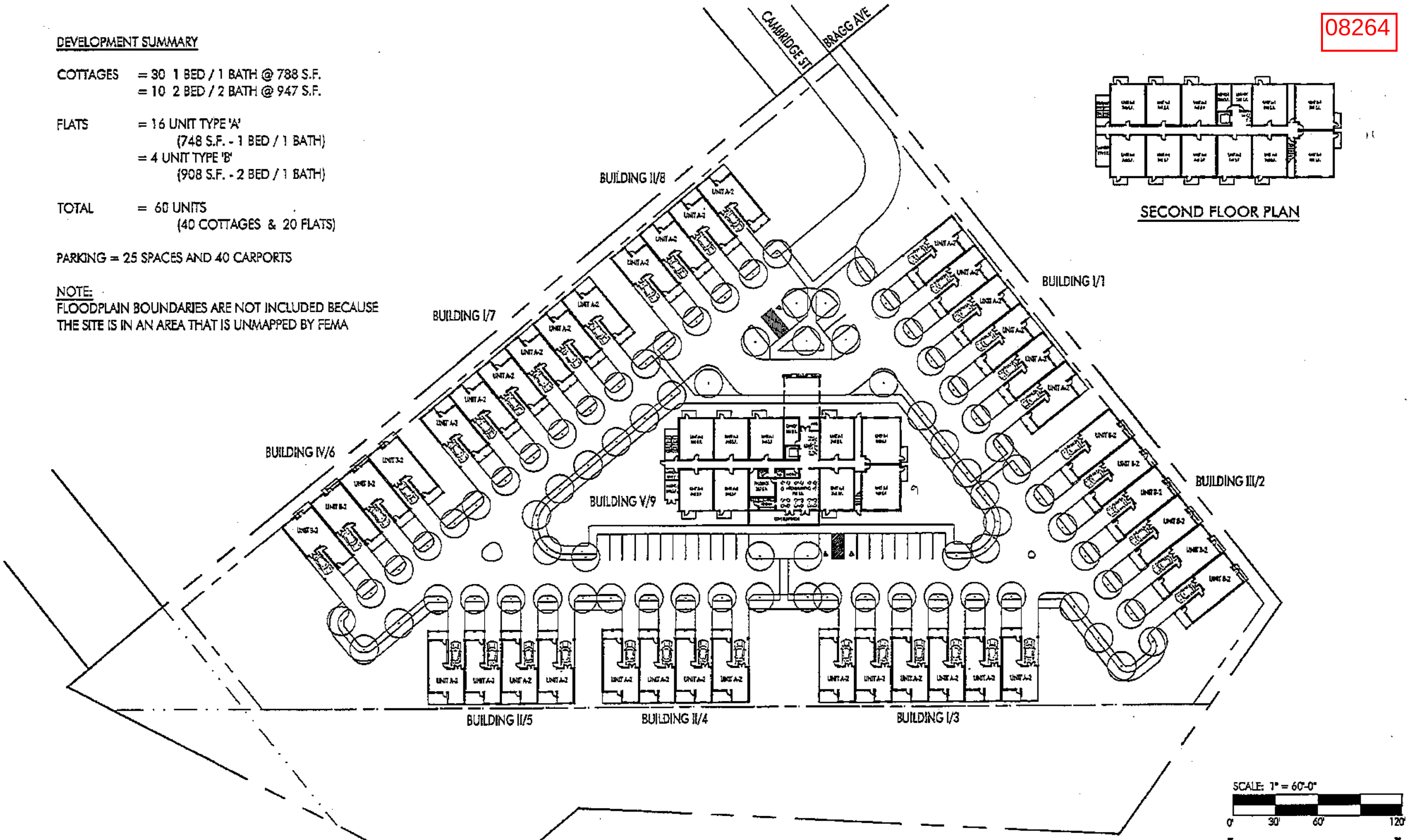
COTTAGES = 30 1 BED / 1 BATH @ 788 S.F.
= 10 2 BED / 2 BATH @ 947 S.F.

FLATS = 16 UNIT TYPE 'A'
(748 S.F. - 1 BED / 1 BATH)
= 4 UNIT TYPE 'B'
(908 S.F. - 2 BED / 1 BATH)

TOTAL = 60 UNITS
(40 COTTAGES & 20 FLATS)

PARKING = 25 SPACES AND 40 CARPORTS

NOTE:
FLOODPLAIN BOUNDARIES ARE NOT INCLUDED BECAUSE THE SITE IS IN AN AREA THAT IS UNMAPPED BY FEMA



02.29.08
NOT FOR CONSTRUCTION, PERMIT OR REGULATORY APPROVAL

HAILEY | JOHNSON ARCHITECTS
Architecture • Urban Design • Interiors

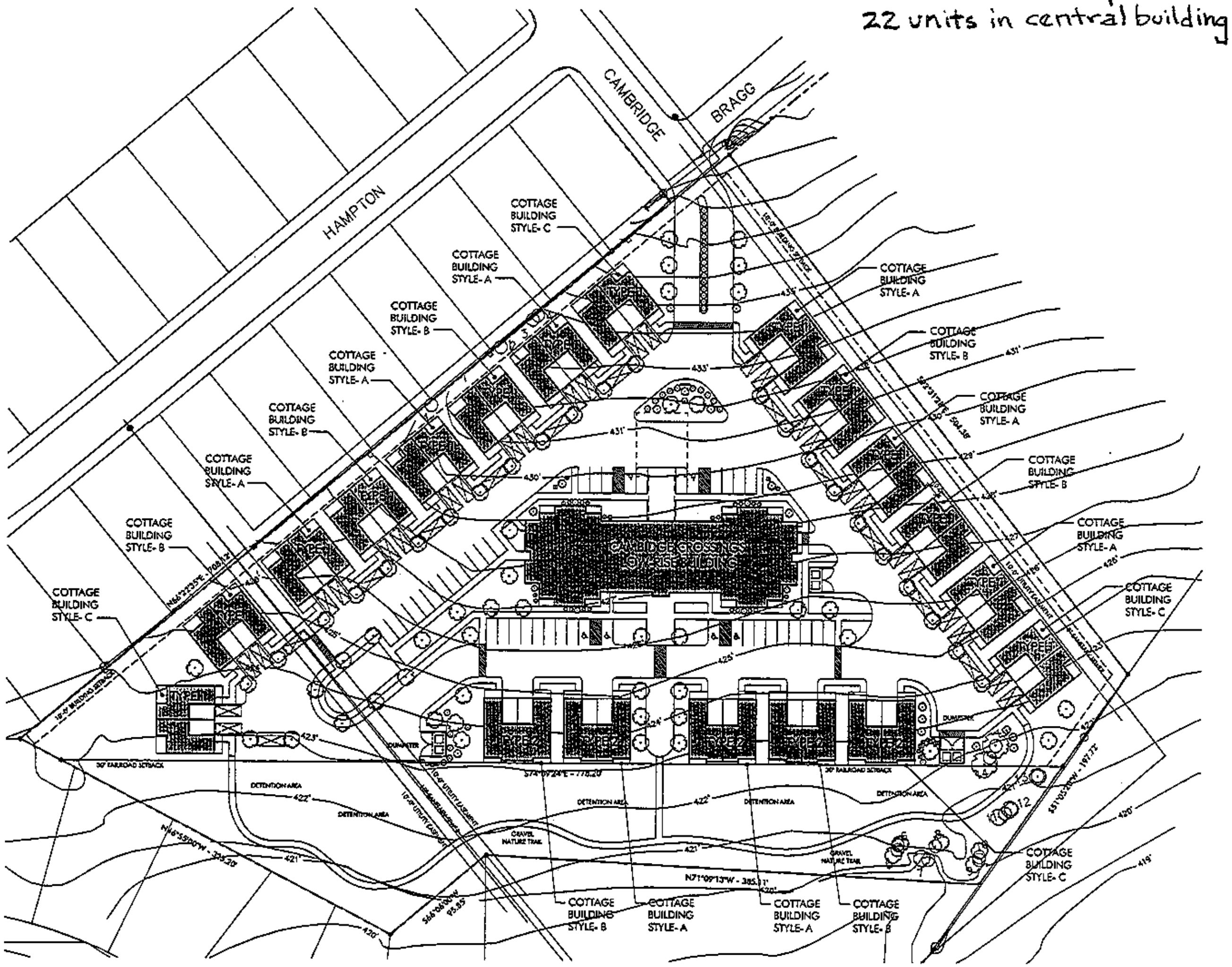
SITE PLAN

CAMBRIDGE CROSSING
Corsicana, Texas

08264

Amendment

38 units around perimeter
22 units in central building



1 ARCHITECTURAL SITE PLAN
SCALE: 1" = 30'-0"

N

PROJECT SITE DATA

CAMBRIDGE CROSSING
CORSICANA, TX

TOTAL SITE AREA:	272, 118 SF
LOW RISE FOOTPRINT AREA:	13,762 SF
TOTAL COTTAGE FOOTPRINT AREA:	34,455 SF
BUILDING HEIGHT:	2 FLOORS MAX.

PARKING:

TOTAL STANDARD 90 DEGREE STALLS	34
TOTAL 90 DEGREE HANDICAPPED STALLS	6
TOTAL PARALLEL PARKING STALLS	12
TOTAL CARPORTS	38
DRIVEWAY SPACES	28
TOTAL SITE PARKING:	120
DUMPSTER COURTS:	3

DEVELOPMENT SUMMARY

CAMBRIDGE LOW-RISE BUILDING:

=(2) UNIT TYPE: LR-A1
- 1 BED / 1 BATH @ 705 SQ FT

=(1) UNIT TYPE: LR-B1
- 2 BED / 1 BATH @ 835 SQ FT

=(16) UNIT TYPE: LR-A2
- 1 BED / 1 BATH @ 759 SQ FT

=(2) UNIT TYPE: LR-B2
- 2 BED / 2 BATH @ 1,051 SQ FT

=(1) UNIT TYPE: LR-B3
- 2 BED / 2 BATH @ 945 SQ FT

CAMBRIDGE COTTAGES:

TYPE 1- ((2) COTT-A1 UNITS) = 14 BUILDINGS

TYPE 2- ((2) COTT-B1 UNITS) = 5 BUILDINGS

=(28) UNIT TYPE: COTT-A1
1 BED / 1 BATH @ 788 SF

=(10) UNIT TYPE: COTT-B1
2 BED / 1 BATH @ 948 SF

TOTAL UNITS:

=(60) 38 COTTAGE UNITS
+
22 MID RISE UNITS

NOTE: FOR COTTAGE BUILDING STYLES REFER TO SHEETS A2.11 & A2.21

HAILEY GROUP
architects + urbanists
714 Congress Avenue, Suite 200
Austin, Texas 78701
512.472.0450

REGISTERED ARCHITECT
STATE OF TEXAS
17485
02.02.09

PROJECT TEAM

OWNER
DMA DEVELOPMENT COMPANY, LLC
4101 PARKSTONE HEIGHTS DR.,
SUITE 310
AUSTIN, TX 78746
CONTACT: DIANA MCIVER
PHONE: 512.328.3232 X 165
EMAIL: DIANA@MCIVER.COM

ARCHITECT
HAILEY GROUP
Architects + Urbanists, LLP
714 CONGRESS AVE, SUITE 200
AUSTIN, TEXAS 78701
CONTACT: BEN BUTLER
PHONE: 512-472-0450
EMAIL: BEN@HAILEYGROUP.COM

GENERAL CONTRACTOR
COMANCHE CONTRACTORS
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HOUSTON, TEXAS 77042
CONTACT: ROBERT KEENER
PHONE: 713.882.4545
EMAIL: RKEENER@
COMANCHECONTRACTORS.COM

CIVIL ENGINEER
CORWIN ENGINEERING, INC.
1946 S I H 35
AUSTIN, TX 78704
CONTACT: DAVID SMITH
PHONE: 512.492.6094
EMAIL: DSMITH@
CORWINENGINEERING.COM

STRUCTURAL ENGINEER
INTEGRITY STRUCTURAL
12841 JONES ROAD,
SUITE 102
HOUSTON, TEXAS 77070
CONTACT: JOHN COULSON
PHONE: 281.894.7099
EMAIL: JOHN@
INTEGRITYSTRUCTURAL.COM

MEP ENGINEER
EN INCORPORATED
13581 POND SPRINGS ROAD,
SUITE 400
AUSTIN, TEXAS 78729
CONTACT: DAVID NICHOLS
PHONE: 512.918.9315
EMAIL: DNICHOLS@
ENINCORPORATED.COM

CAMBRIDGE CROSSING

DMA

01 REVIEW SET:	12.15.08
02 FINAL APPROVAL:	01.14.09
03 PERMIT REVIEW:	02.02.09

DRAWN BY: Author

PROJECT NUMBER: 0784

DRAWING FILE DIRECTORY:

PERMIT SET- SUBJECT TO CHANGE

ARCHITECTURAL SITE PLAN

A1.01

Amendment

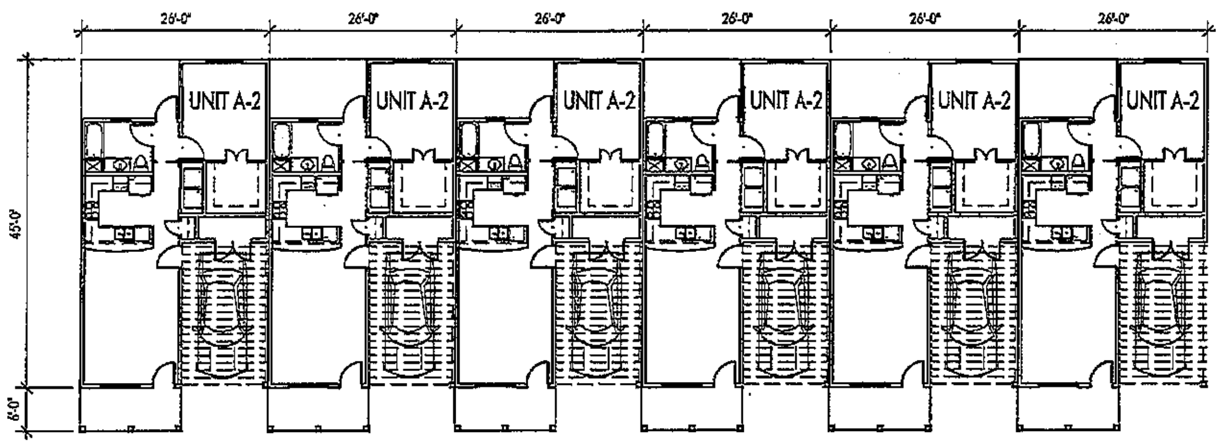
Application

08264

ELEVATION MATERIALS

MASONRY	25%
HARDI SIDING	75%

BUILDING TYPE I
ELEVATION



BUILDING TYPE I
PLAN

SCALE: 1" = 16'-0"
0' 8' 16' 32'

02.29.08
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ARCHITECTS
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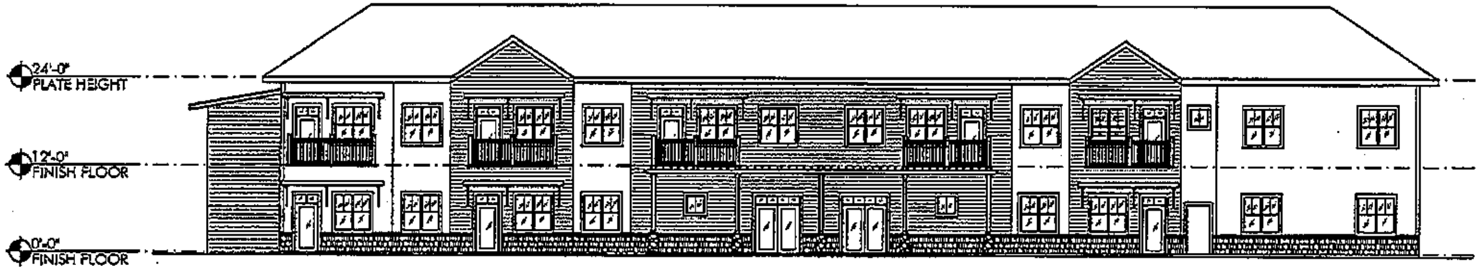
BUILDING
TYPE I

CAMBRIDGE CROSSING
Corsicana, Texas

Application

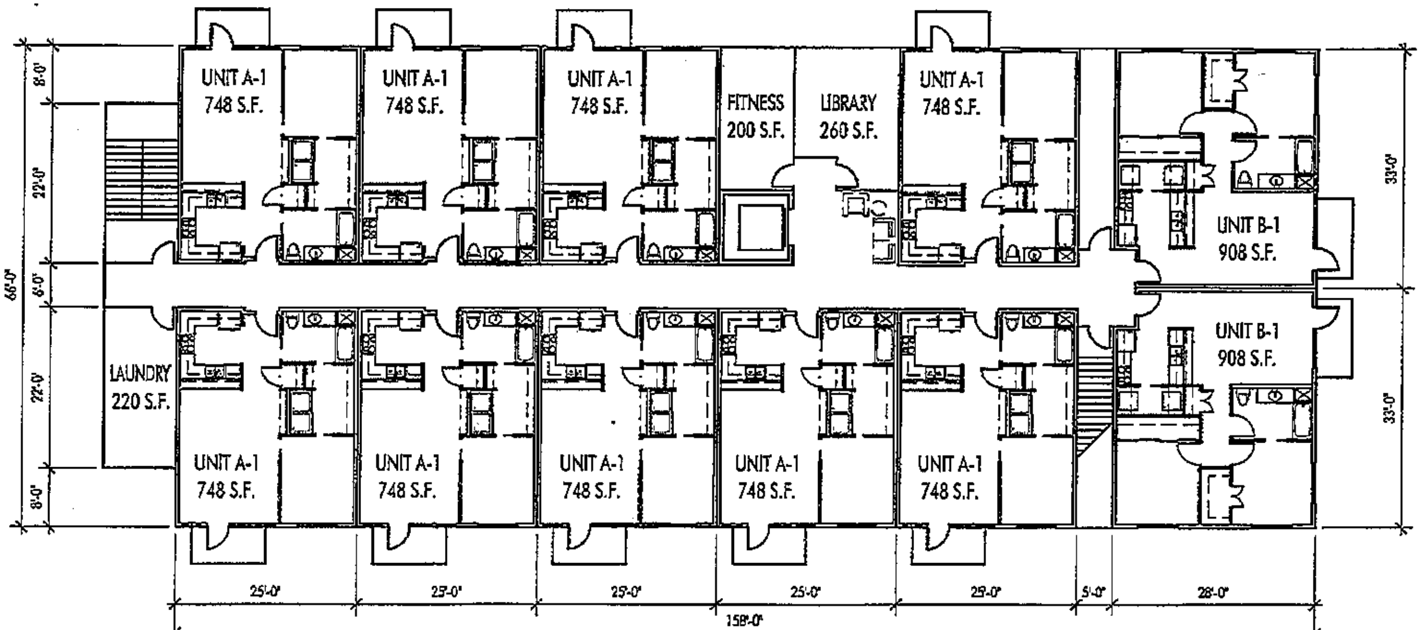
08264



BUILDING TYPE V
ELEVATION

ELEVATION MATERIALS

MASONRY	15%
HARDI SIDING	85%



BUILDING TYPE V
2nd LEVEL PLAN

SCALE: 1" = 16'-0"
0' 8' 16' 32'

02.29.08
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BUILDING TYPE V
2nd LEVEL PLAN
AND ELEVATION

CAMBRIDGE CROSSING
Corsicana, Texas

08299

Zimmerman Properties, LLC

CORPORATE OFFICE: 1730 E. REPUBLIC RD., SUITE F, SPRINGFIELD, MO 65804
PHONE: 417-883-1632 FAX: 417-883-6343

June 8, 2009

Texas Dept. of Housing and Community Affairs
Mr. Ben Sheppard
Multifamily Finance and Production Division
211 East 11th Street
Austin, TX 78711-3941

RE: Request for Amendment to Southern View Apartments, Fort Stockton, TX
TDHCA #08299

Dear Mr. Sheppard:

Please consider this a request for amendment to tax credit application for the Southern View Apartment development, TDHCA #08299.

The requested amendment is as follows:

We are requesting to modify the site layout and building plans submitted during the application process. The original site plan is shown on attached Exhibit "A" and the original building plans as shown on attached Exhibit "B-1 through B-6". The clubhouse, tot lots, picnic area and buildings are being relocated per the attached revised site plan shown on Exhibit "C". One of the 16 Unit Buildings has been redesigned as two 8 Unit Buildings. The revised building plans are shown on Exhibit "D-1 through D-6". The building numbers have changed as shown on Exhibit "C".

The reasoning for the request is due to the unknown city utilities running down the center of the site. By revising the development from 3 buildings to 4 buildings will allow us to build around the easements without the need to relocate the utilities. The construction/development budget has not changed.

The number of units, unit types, unit square footage and other amenities have stayed the same.

Enclosed is a Revised Volume 1, Tab 2, Activity Overview, Part F. Building/Unit Type Configuration.

We have previously provided a check in the amount of $2,500.00 representing the amendment request fee.

Please contact me at (417) 861-6757 if you need further clarification.

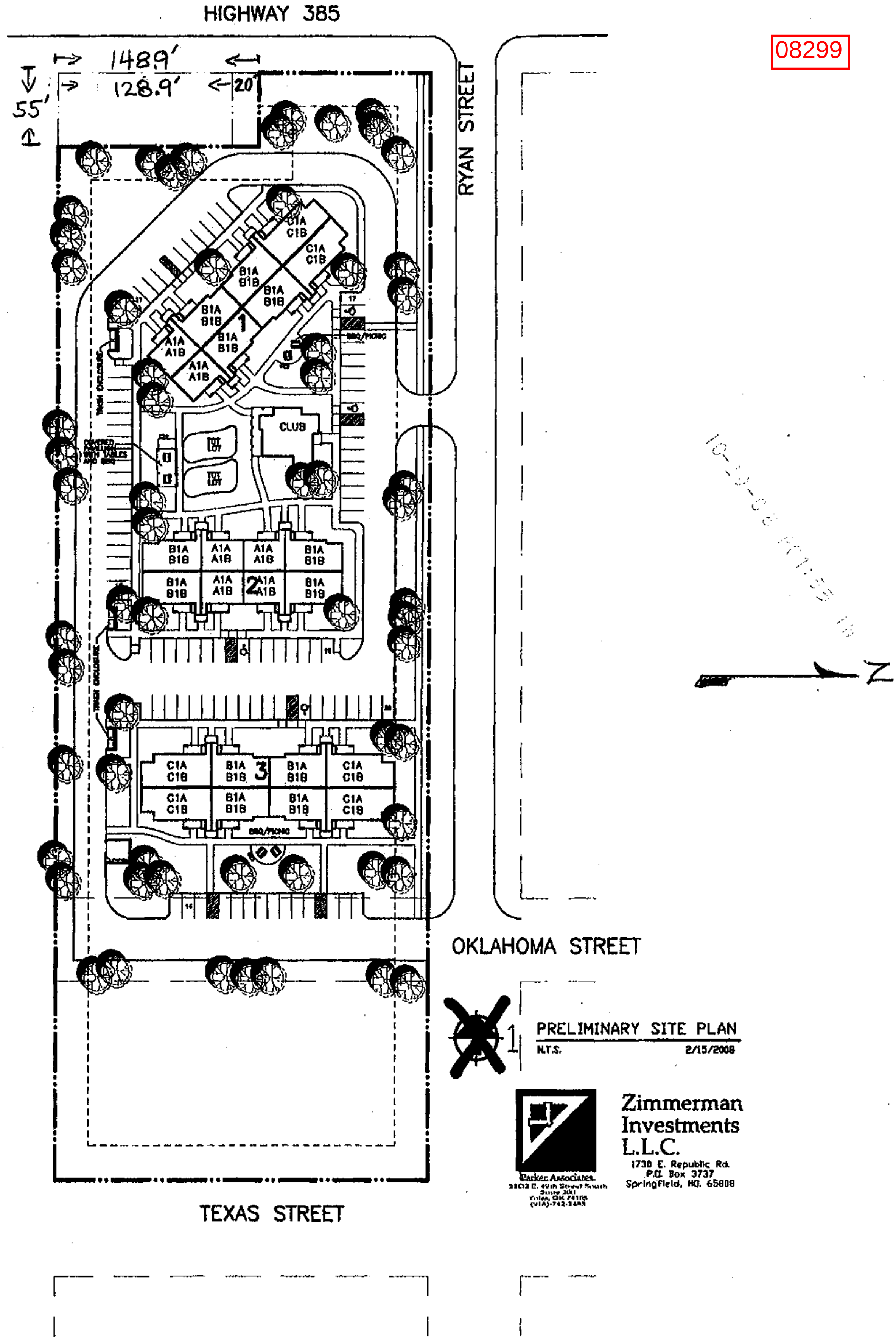
Respectfully submitted,

Justin Zimmerman, member
Zimmerman Properties

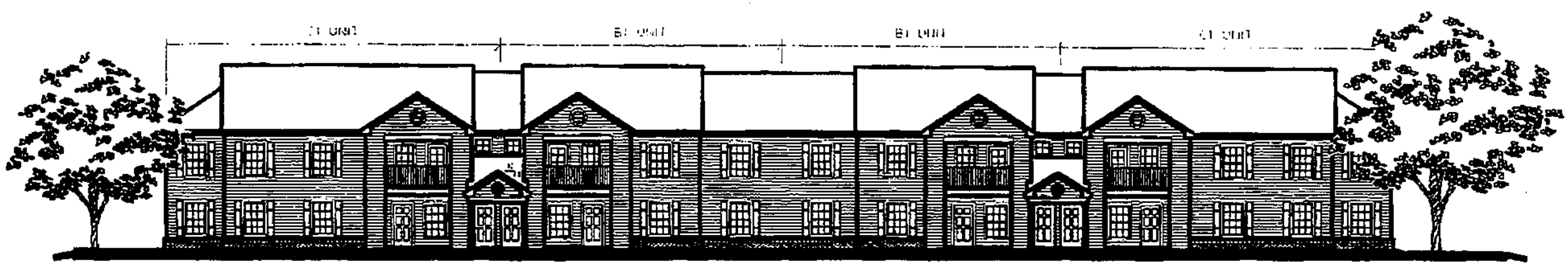
Application

08299

EXHIBIT "A" (to letter requesting amendment)



Ft. Stockton, Texas



1 TYPE 1– FRONT & BACK ELEVATION

N.T.S.

2 TYPE 1– END ELEVATION

N.T.S.

Apartment Exterior Finishes	
Total Cement Board	
Siding Area	= (+-92%)
Total Brick Area	= (+-05%)
Total Masonry Finish	= (100%)

0 2' 4' 6' 8' 10'

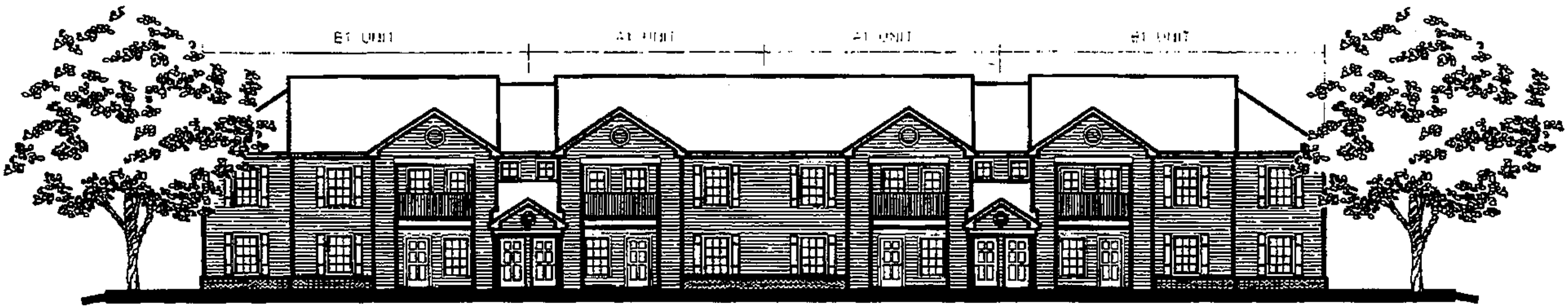
Zimmerman Investments L.L.C.

1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

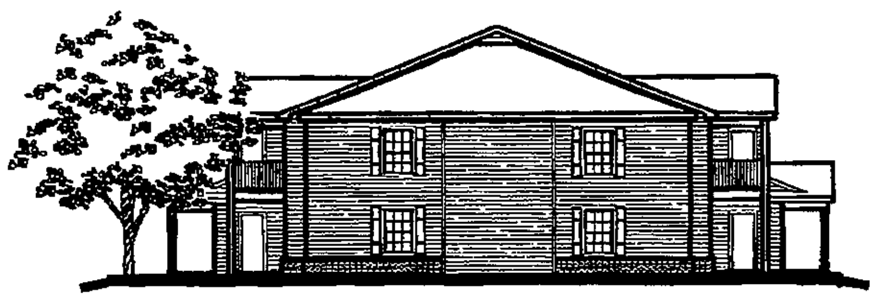
Application

08299

EXHIBIT "B-1"



1 TYPE 2– FRONT & BACK ELEVATION
NTS



2 TYPE 2– END ELEVATION
NTS

Apartment Exterior Finishes	
Total Cement Board Siding Area	= (+-92%)
Total Brick Area	= (+-05%)
Total Masonry Finish	= (100%)

0 2' 4' 6' 8' 10'

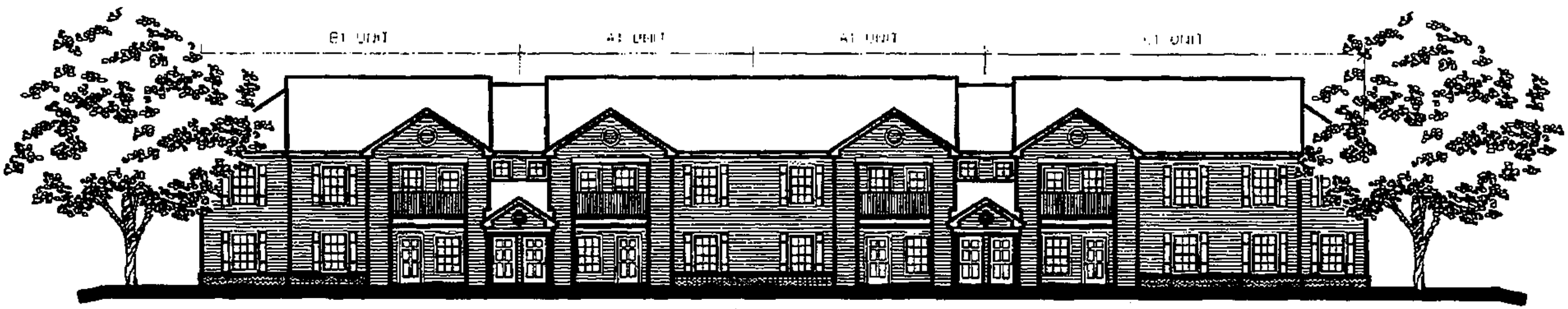
Parker Associates

Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

Application

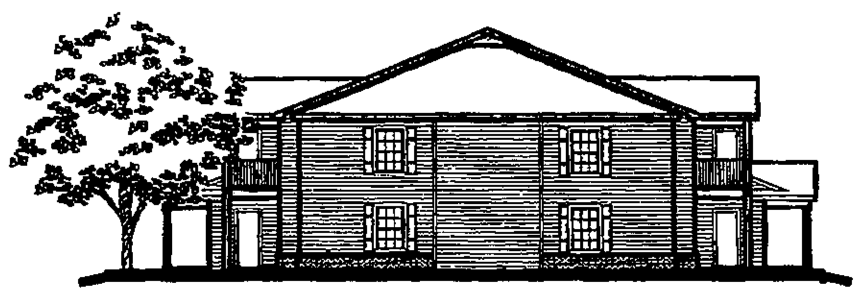
08299

EXHIBIT "B-2"



1 TYPE 3– FRONT & BACK ELEVATION

N.T.S.



2 TYPE 3– END ELEVATION

N.T.S.

Apartment Exterior Finishes	
Total Cement Board Siding Area	– (+-92%)
Total Brick Area	– (+-08%)
Total Masonry Finish	– (100%)

0 2' 4' 6' 8' 10'

Parker Associates

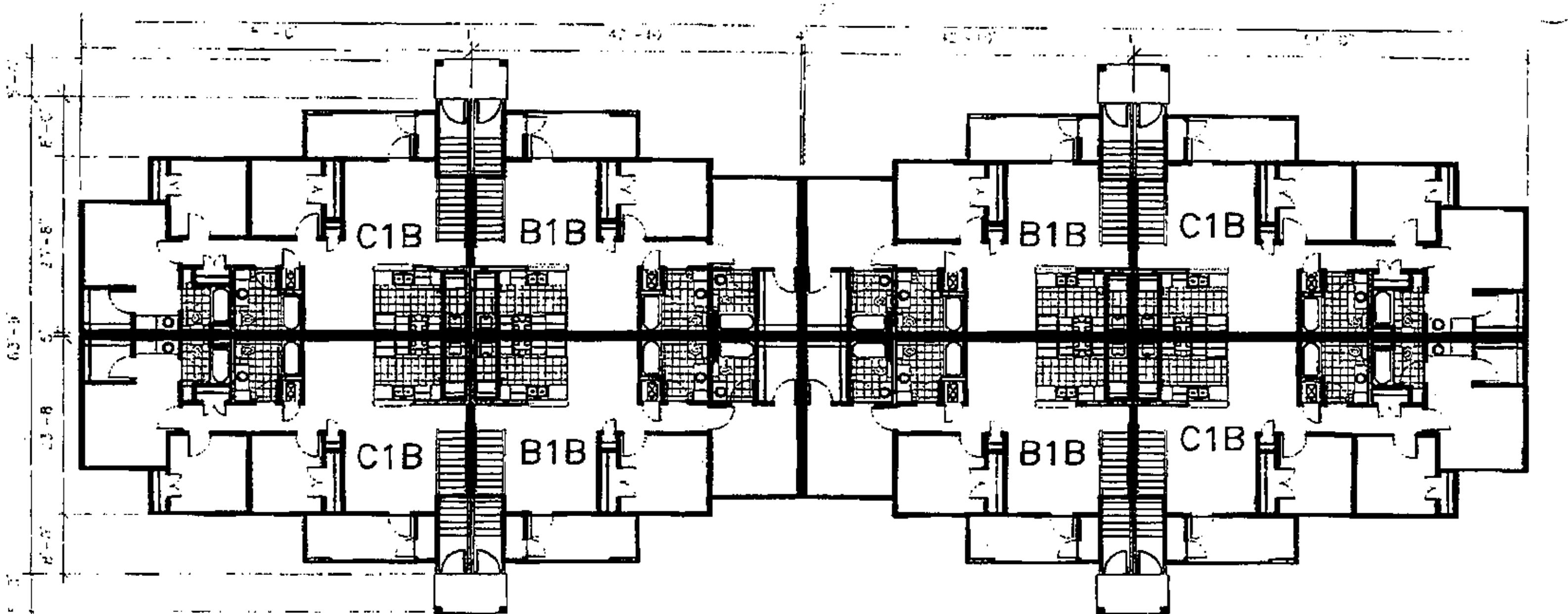
Zimmerman Investments L.L.C.

1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

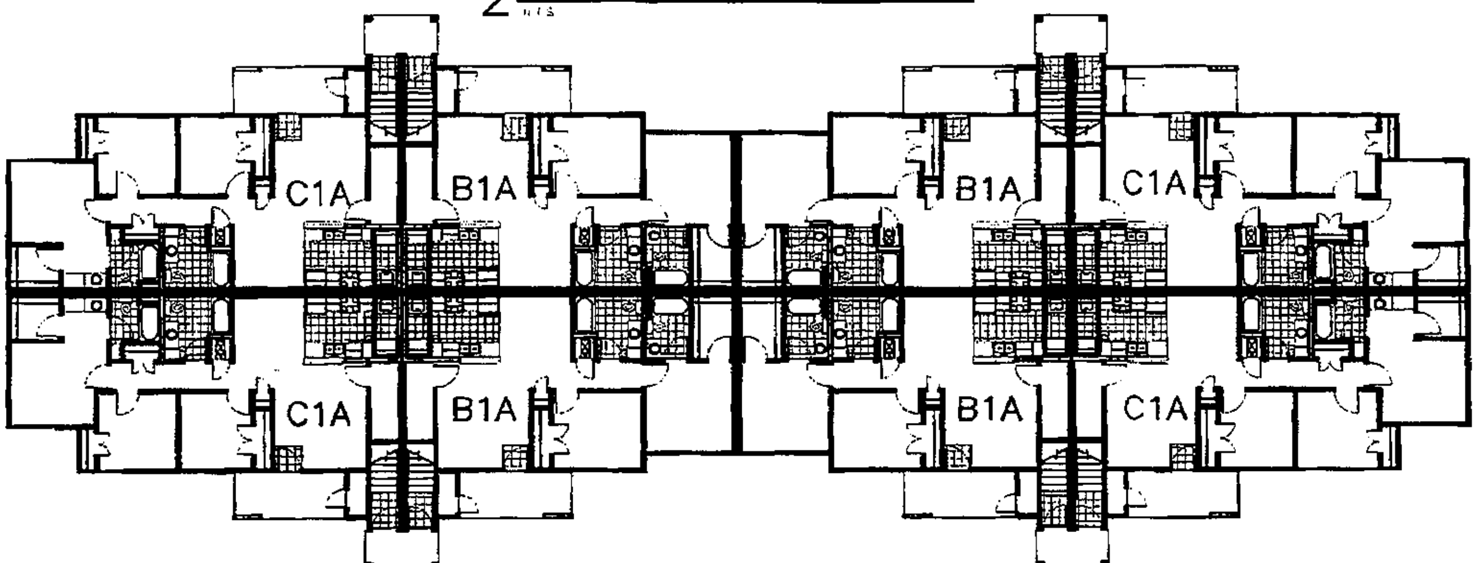
Application

EXHIBIT "B-3"

08299



2 BUILDING TYPE 1– 2ND FLOOR PLAN
N.T.S.



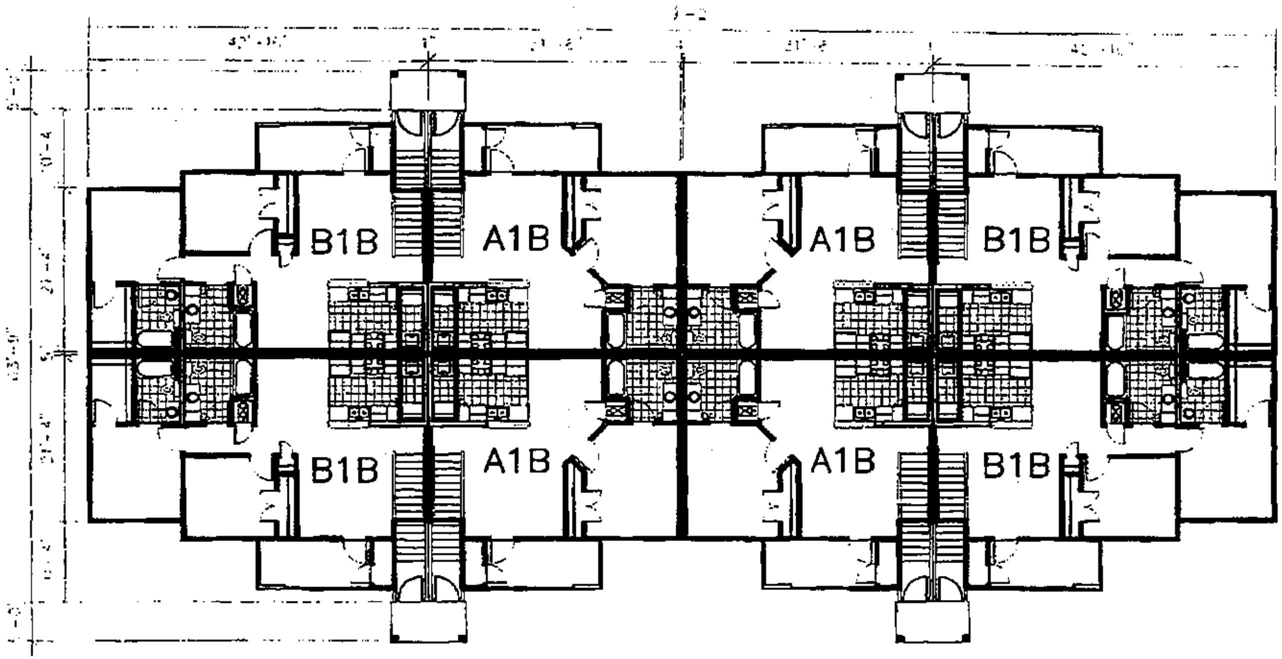
1 BUILDING TYPE 1– 1ST FLOOR PLAN
N.T.S.

Application

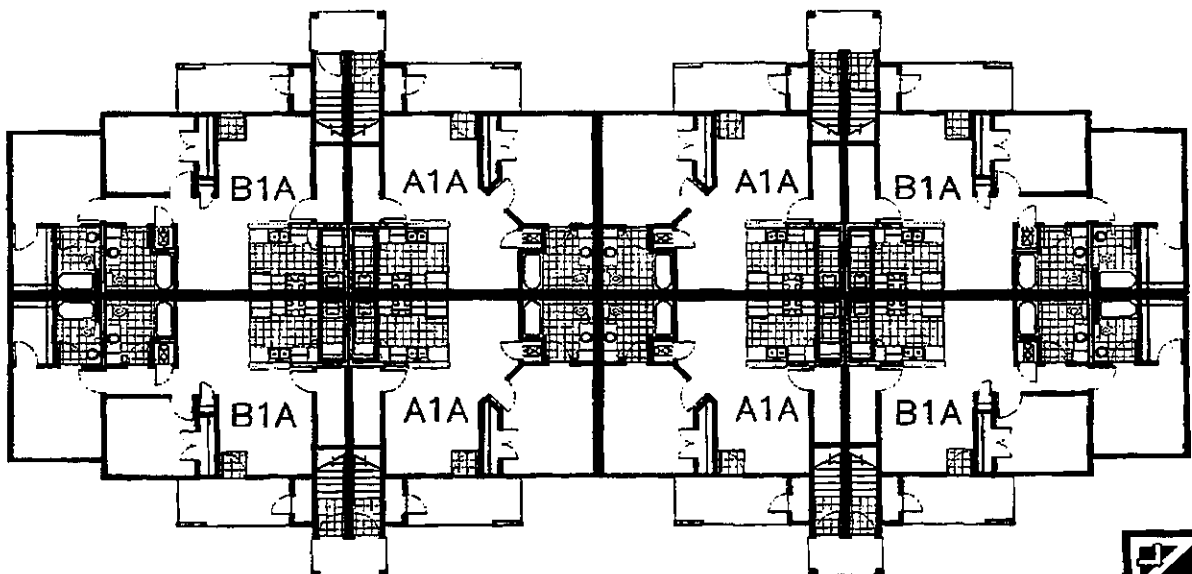
Zimmerman Investments L.L.C.

08299

EXHIBIT "B-4"



2 BUILDING TYPE 2— 2ND FLOOR PLAN



1 BUILDING TYPE 2— 1ST FLOOR PLAN

N.T.S.

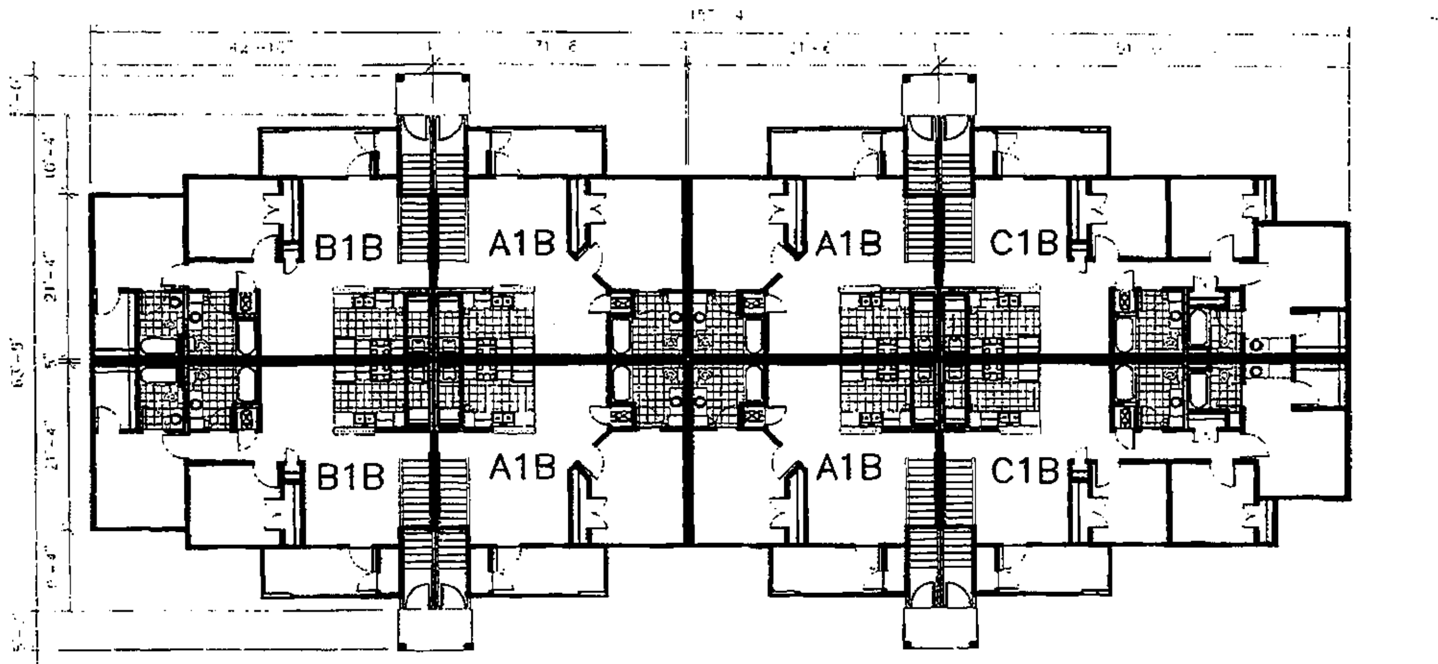
0 2' 4' 6' 8' 10'

Application

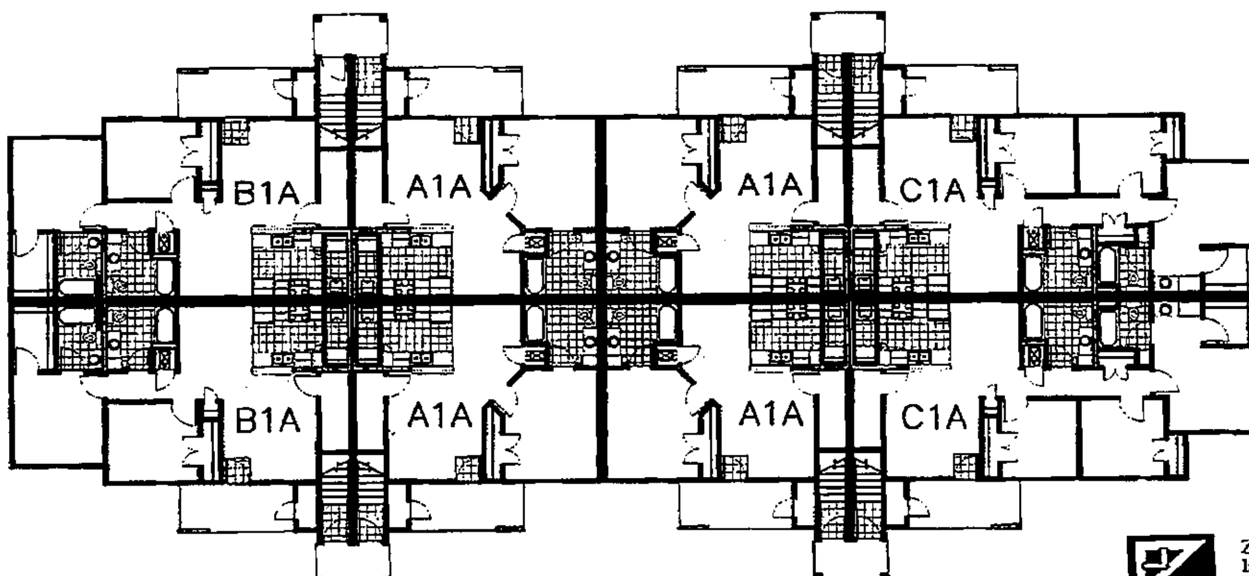
Zimmerman Investments L.L.C.

08299

EXHIBIT "B-5"



2 BUILDING TYPE 3– 2ND FLOOR PLAN



1 BUILDING TYPE 3– 1ST FLOOR PLAN

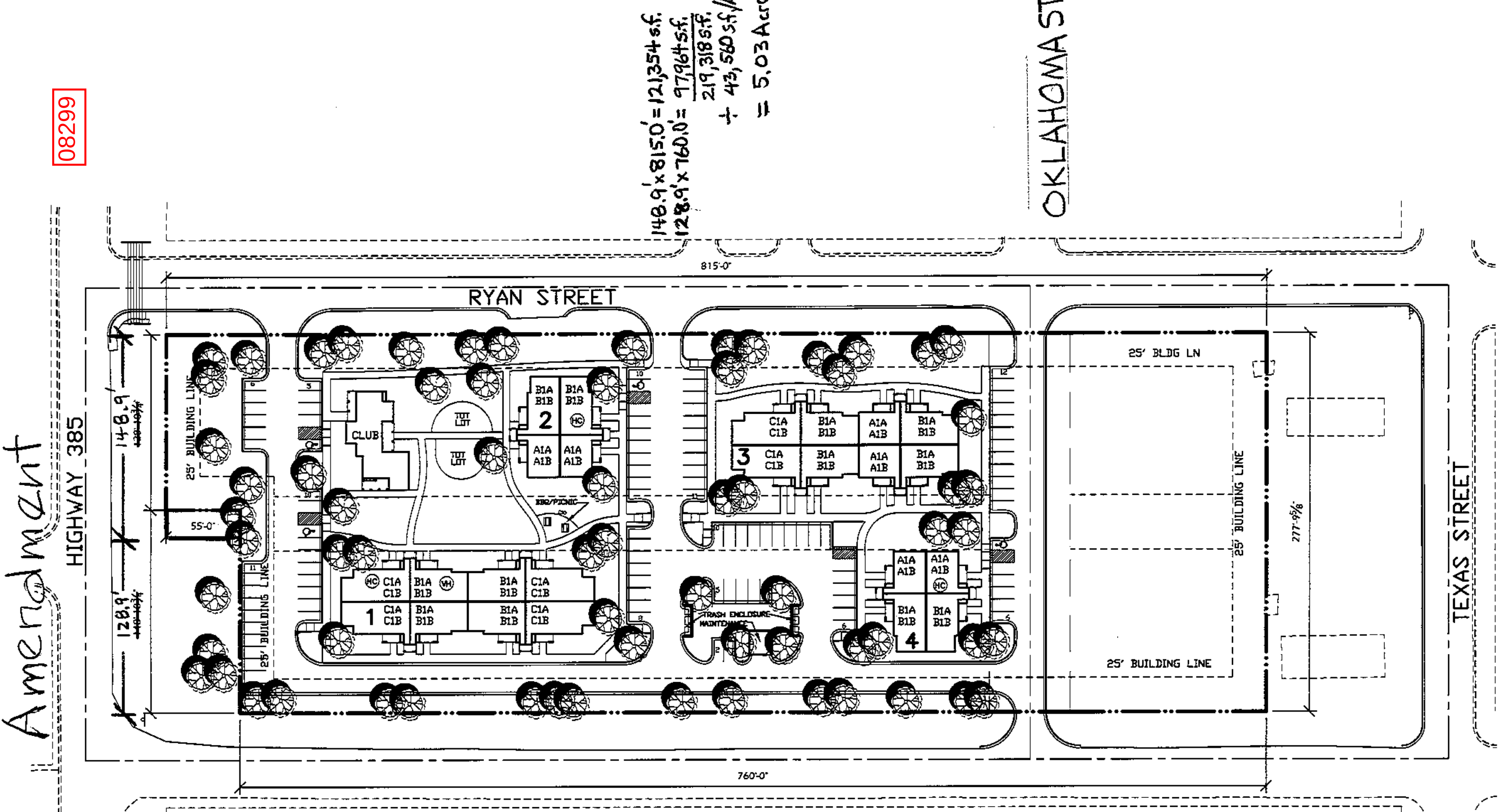
NTS

Application

Zimmerman Investments L.L.C.

EXHIBIT "B-6"

08299



PRELIMINARY SITE PLAN

N.T.S.
06/08/2009

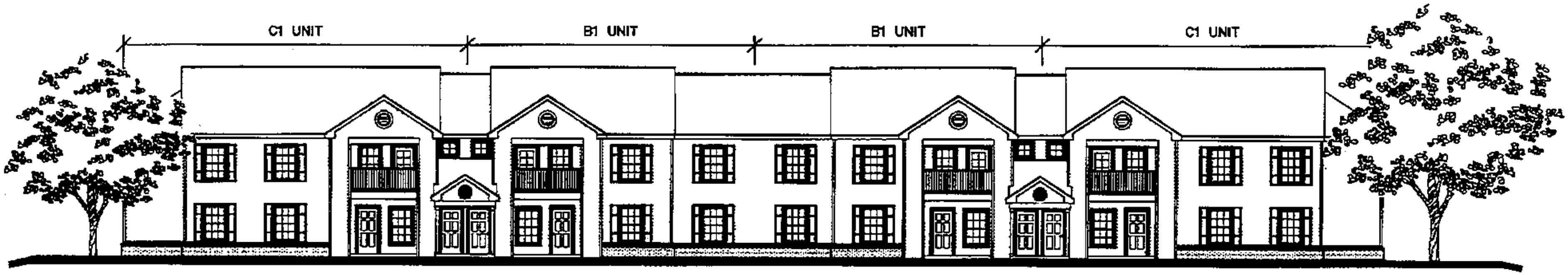
+-5.01 ACRES

Ft. Stockton, Texas

Parker Associates
2202 E. 49th Street South
Suite 200
Tulsa, OK 74105
(918)742-2485

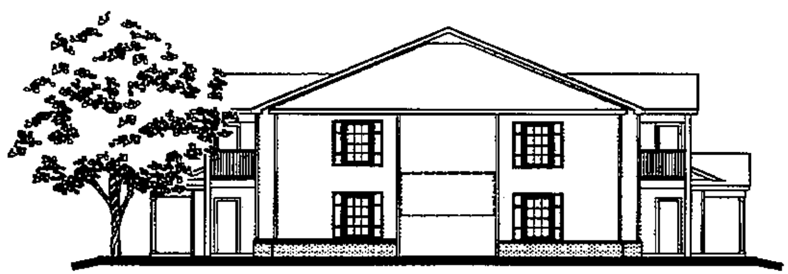
Zimmerman
Investments
L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

Exhibit "C"



1 BUILDING 1 FRONT/BACK ELEVATION
N.T.S.

Amendment



2 BUILDING 1 TYPICAL END ELEVATION
N.T.S.

Apartment Exterior Finishes	
Total Cement Board Siding Area	= (+-92%)
Total Brick Area	= (+-08%)
Total Masonry Finish	= (100%)

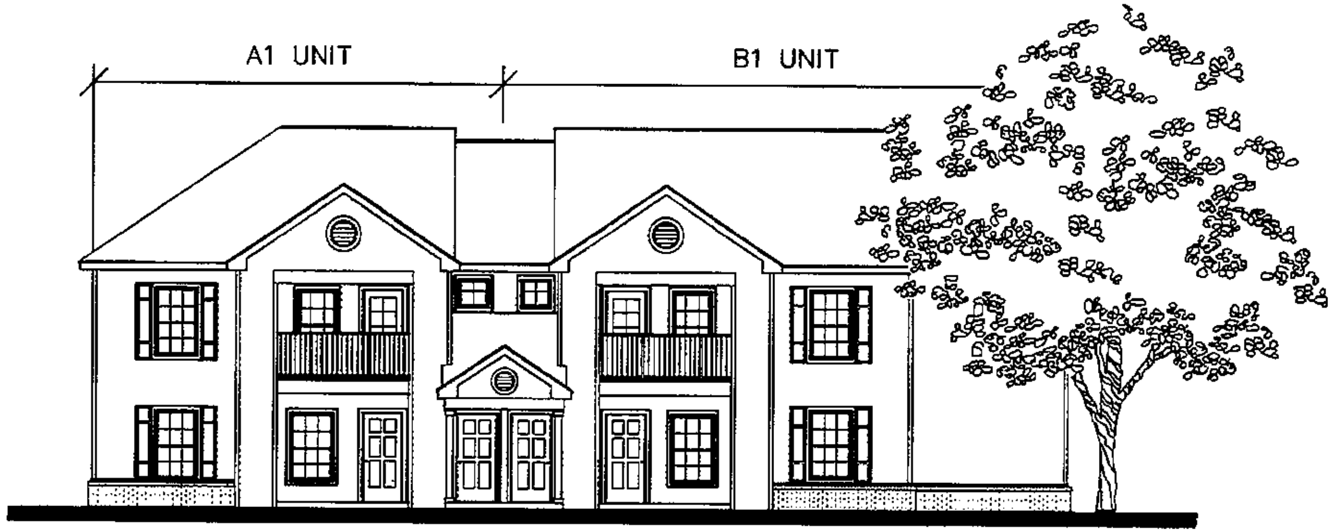
0 4' 8' 12' 16' 20'

Parker Associates

Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

08299

EXHIBIT "D-1"

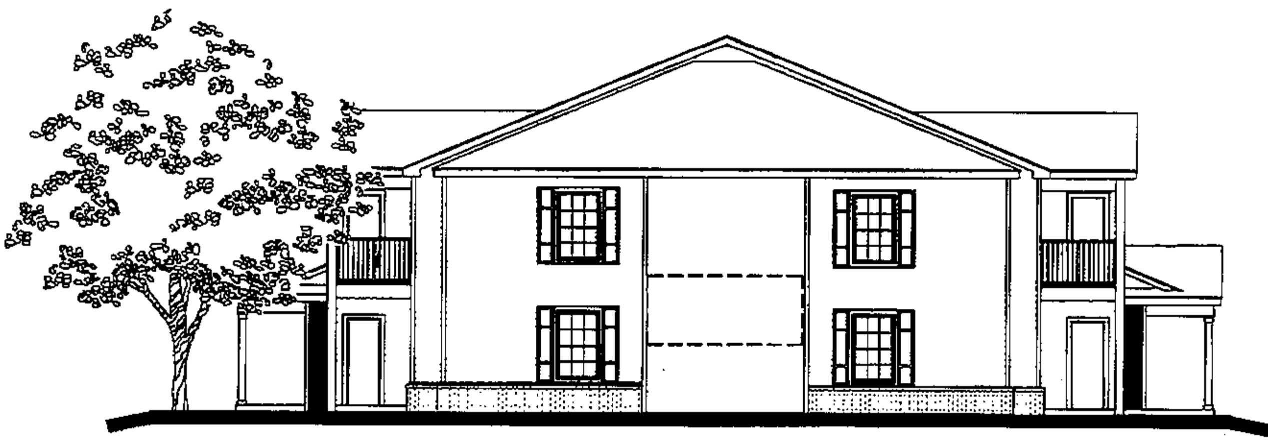


1 BUILDINGS #2 & #4 FRONT/BACK ELEVATION
N.T.S.

Amendment

Apartment Exterior Finishes	
Total Cement Board Siding Area	= (+−92%)
Total Brick Area	= (+−08%)
Total Masonry Finish	= (100%)

0 4' 8' 12' 16' 20'



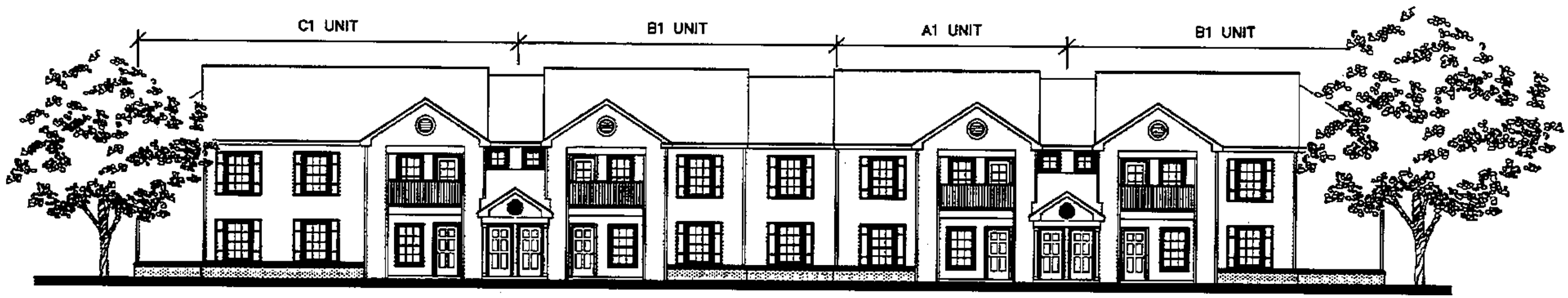
2 BUILDINGS #2 & #4 TYPICAL END ELEVATION
N.T.S.

Parker Associates
2202 East 49th Street South, Suite 200
Tulsa, OK 74105
(918)-742-2485

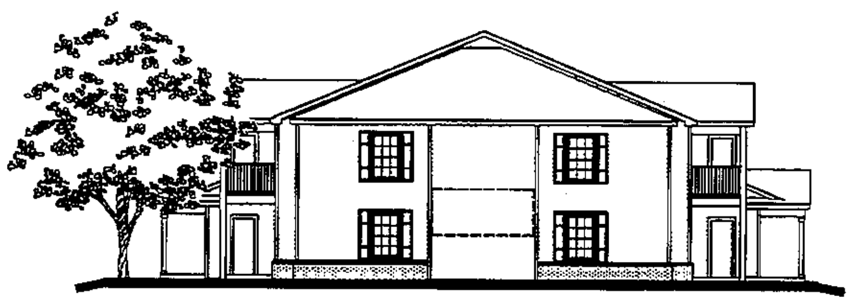
Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

EXHIBIT "D-2"

08299



1 BUILDING #3 FRONT/BACK ELEVATION
N.T.S.



2 BUILDING #3 TYPICAL END ELEVATION
N.T.S.

Apartment Exterior Finishes	
Total Cement Board Siding Area	= (+-92%)
Total Brick Area	= (+-08%)
Total Masonry Finish	= (100%)

0 4' 8' 12' 16' 20'

Parker Associates
Suite 200

Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

Amendment

08299

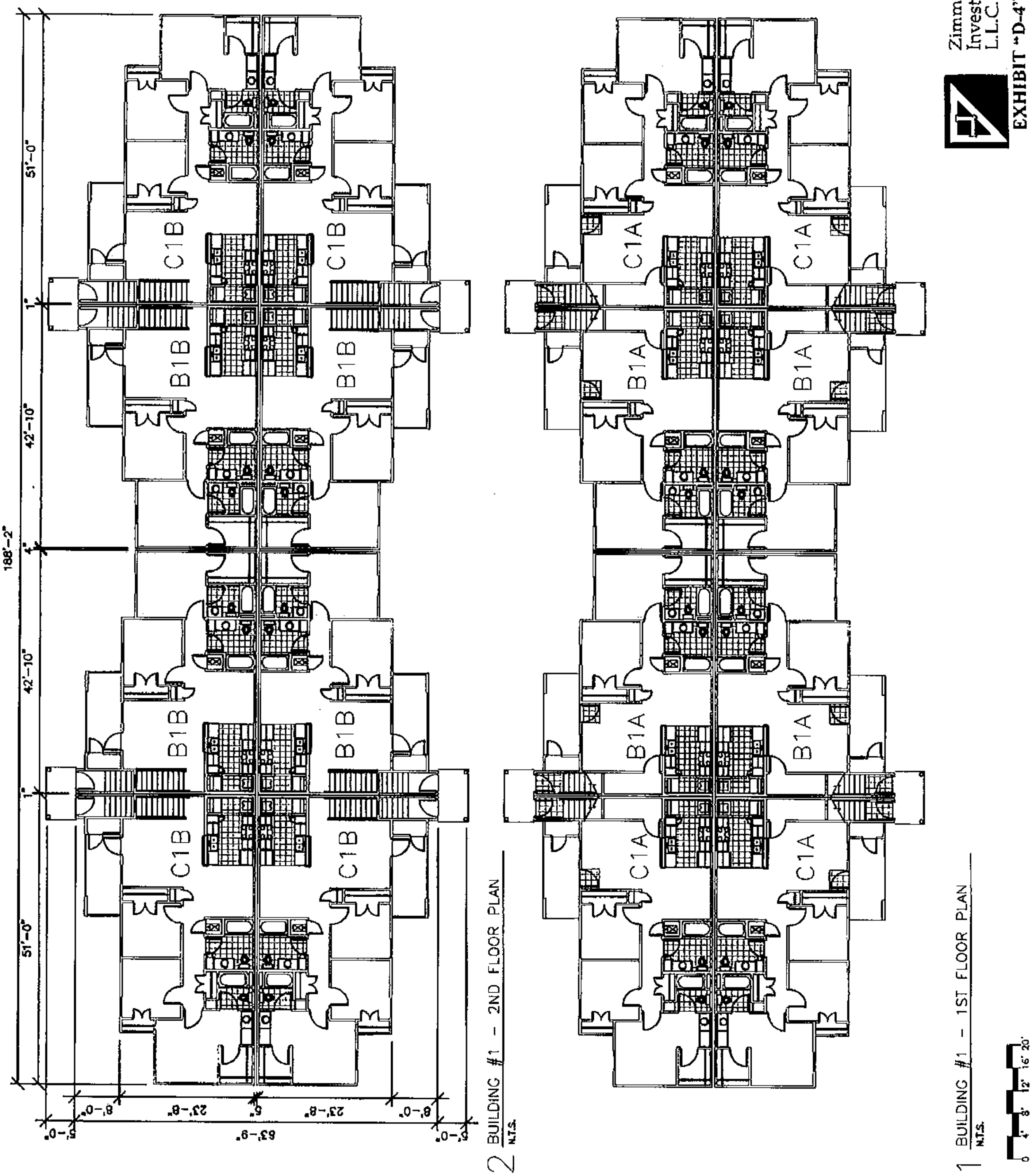
EXHIBIT "D-3"

Amendment

08299

Zimmerman Investments L.L.C.

EXHIBIT "D-4"



Amendment

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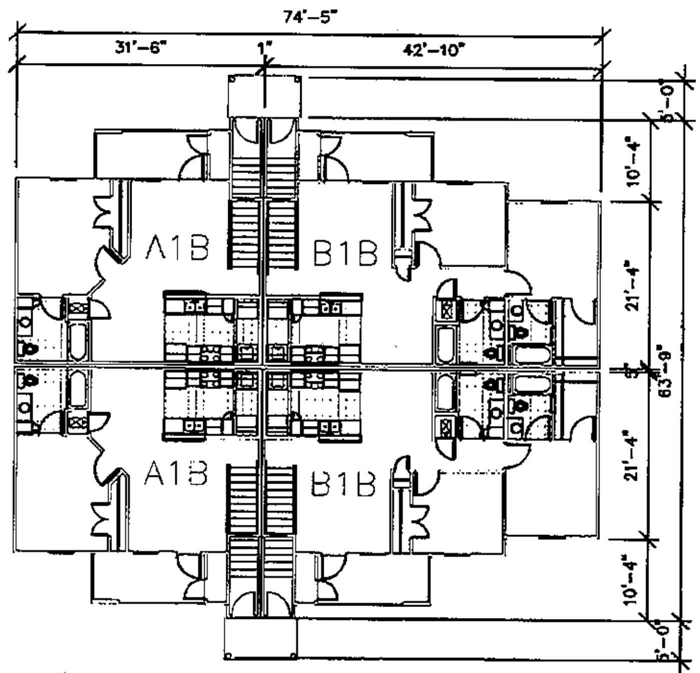
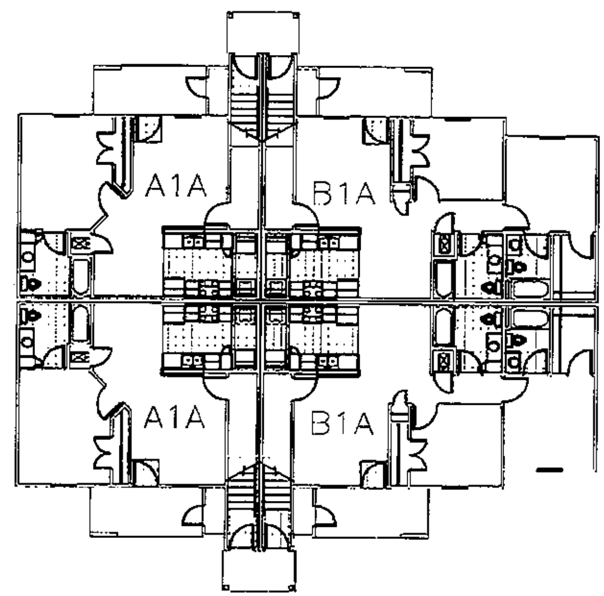


2 BUILDINGS #2 & #4– 2ND FLOOR PLAN
N.T.S.



1 BUILDINGS #2 & #4 – 1ST FLOOR PLAN
N.T.S.

Parker Associates

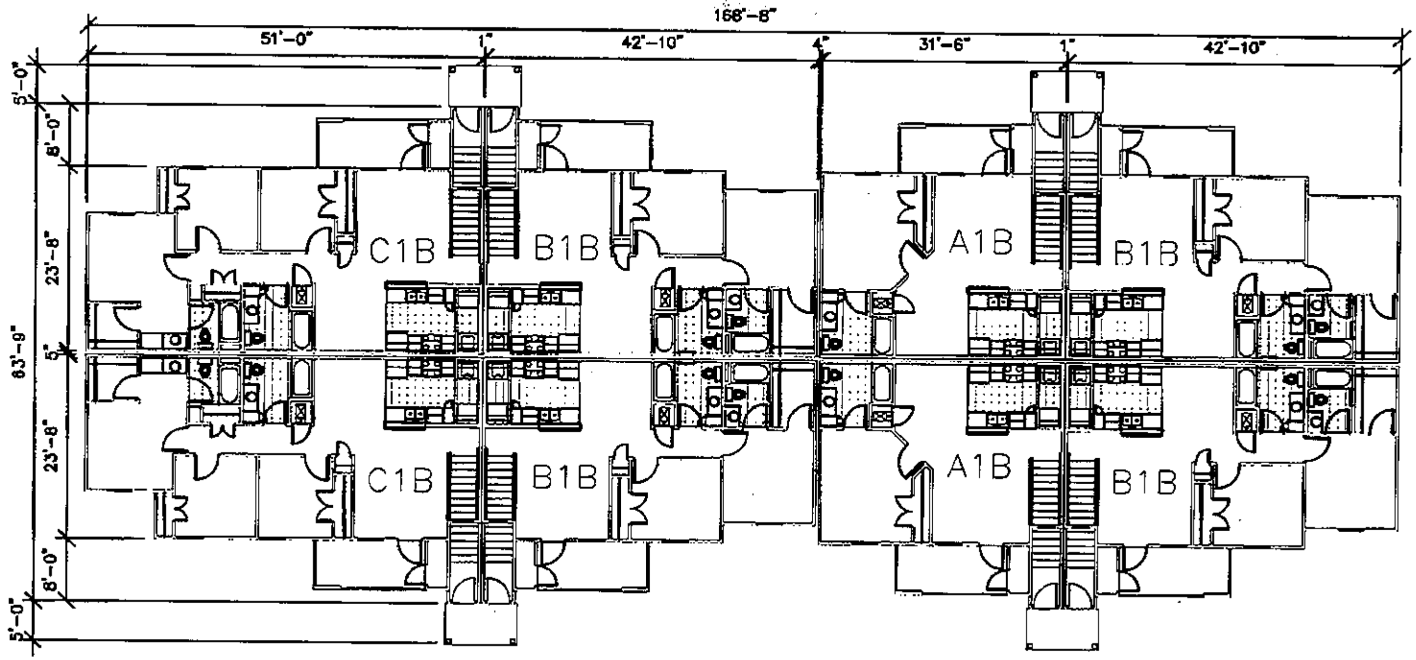
Zimmerman
Investments
L.L.C.

1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

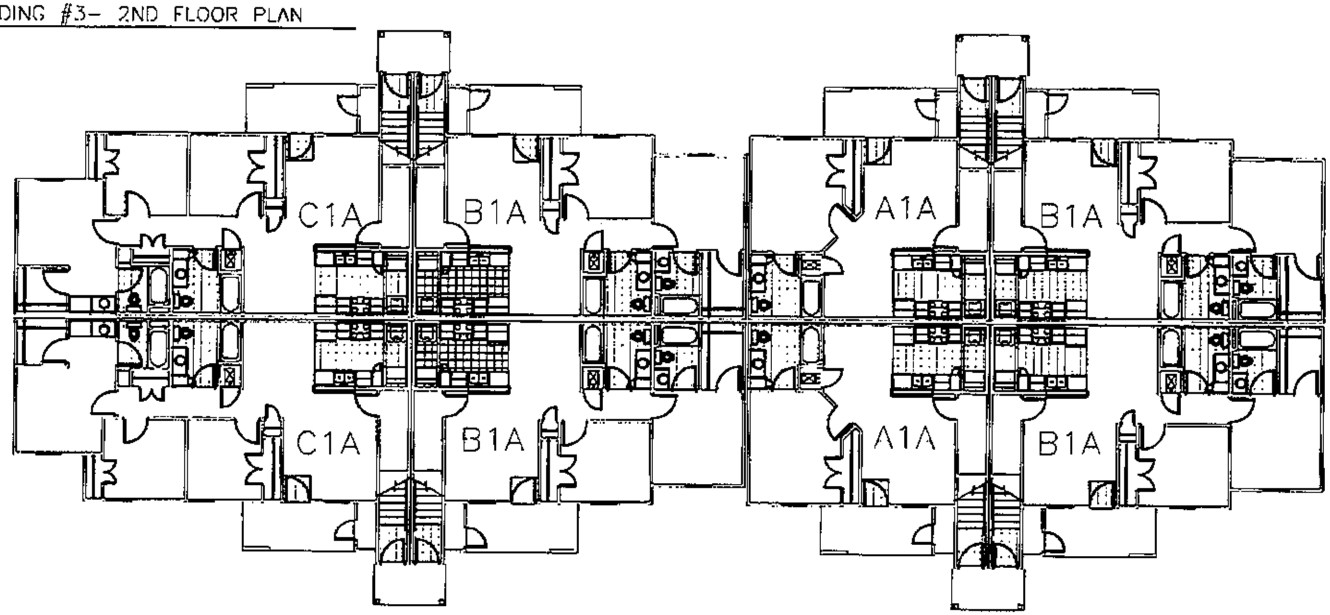
EXHIBIT "D-5"

Amendment

08299



2 BUILDING #3- 2ND FLOOR PLAN
N.T.S.



1 BUILDING #3- 1ST FLOOR PLAN
N.T.S.

0 4' 8' 12' 16' 20'

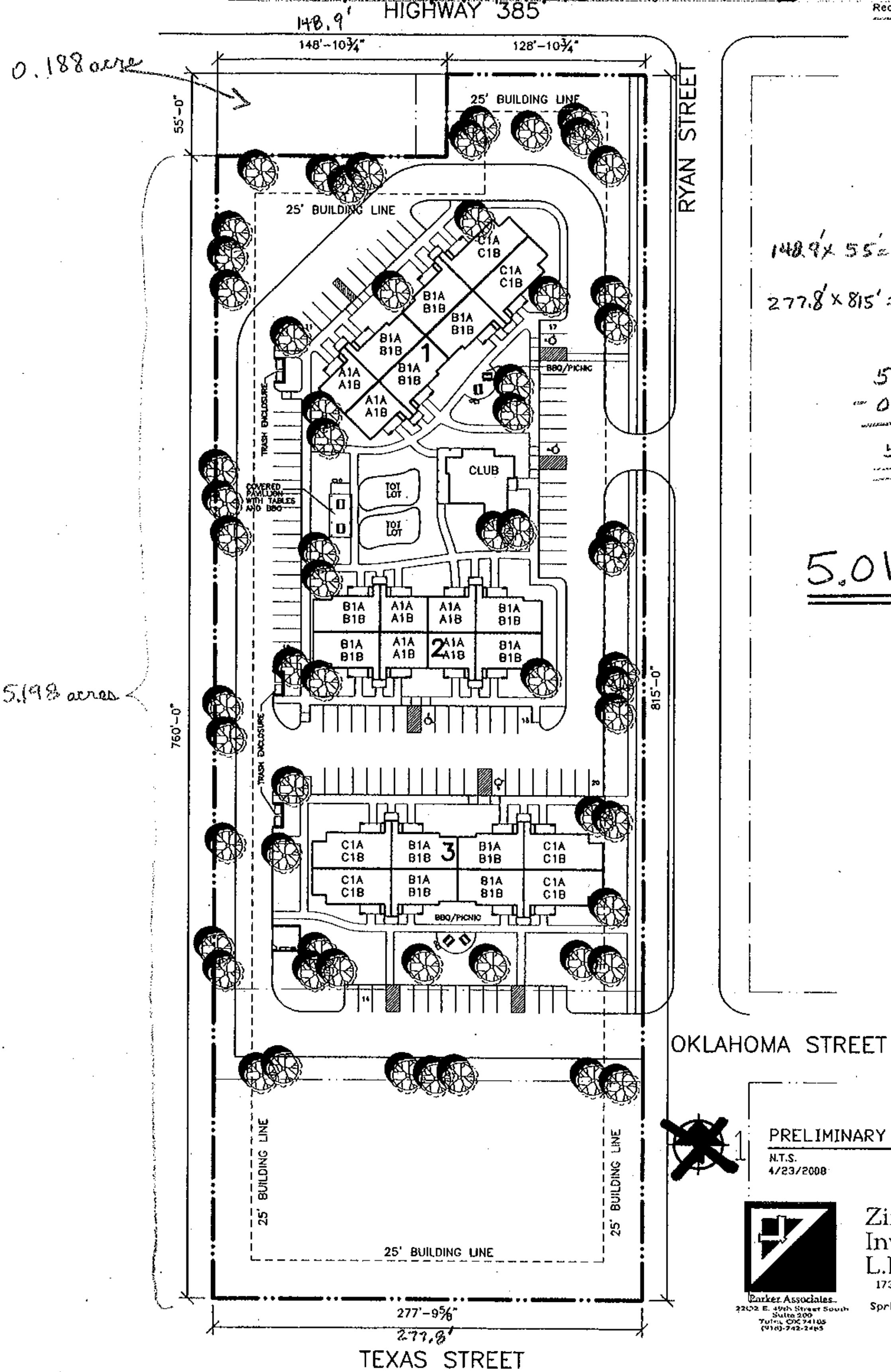
Zimmerman
Investments
L.L.C.
EXHIBIT "D-6"

APPLICATION DEFICIENY RESPONSE

Rec'd TDHCA 4/23/08 @ 5:03 pm

12

08299



148.9' x 55' = 8189.5 ÷ 43,560/acre = 0.188 acre

277.8' x 815' = 226,407 ÷ 43560 = 5.198 acre

5.198 acre
− 0.188 acre
5.010 acre

5.01 Acres

PRELIMINARY SITE PLAN
N.T.S. +-5.01 ACRES
4/23/2008

Parker Associates
2202 E. 49th Street South
Suite 200
Tulsa, OK 74105
(918)-742-2465

Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

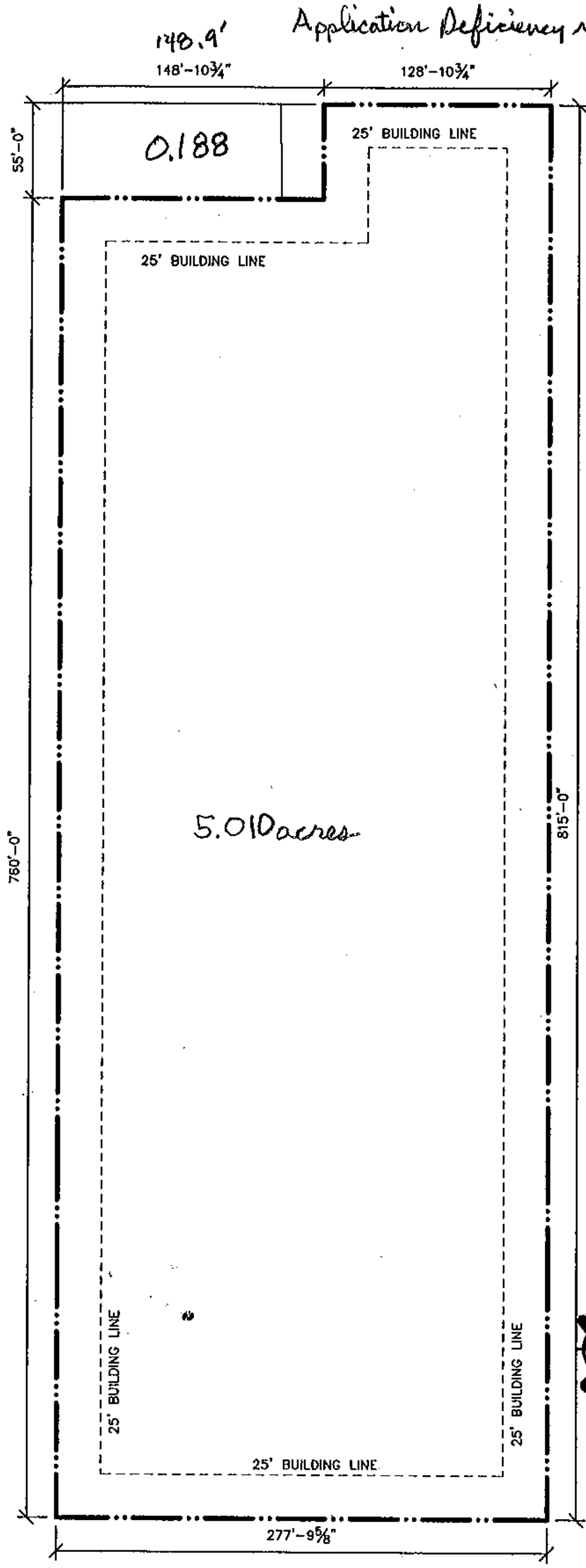
Ft. Stockton, Texas

Application Deficiency response

Rec'd TDHCA 4/23/08 @ 5:03 pm

13

08299



Legal Description:
Lots 1 through 23, Block 3, Alamo Village

Lots 1 through 5, Block 4, and

Lots 6 through 10, B lock 4, Alamo Village, Fort Stockton, Texas.

Site is outside the flood plain

1 SURVEY SKETCH

N.T.S.
4/23/2008

+-5.01 ACRES

Parker Associates
2202 E. 49th Street South
Suite 200
Tulsa, OK 74105
(918)-742-2485

Zimmerman Investments L.L.C.
1730 E. Republic Rd.
P.O. Box 3737
Springfield, MO. 65808

Ft. Stockton, Texas

Application

RESOLUTION LTR.

04-01-08A11:36 RCVD

08299

08299

ENTERED APR 01 2008 Housing & Community Affairs

RESOLUTION NO. 08-127R

A RESOLUTION OF THE CITY OF FORT STOCKTON, TEXAS SUPPORTING THE DEVELOPMENT EFFORTS OF WILHOIT PROPERTIES, INC. IN A RENTAL HOUSING PROJECT KNOWN AS THE SOUTHERN VIEW APARTMENTS.

WHEREAS, Wilhoit Properties, Inc. has proposed a development for a rental apartment community located on Ryan Street and Hwy. 385 in the City of Fort Stockton, Texas; and

WHEREAS, Wilhoit Properties, Inc. has submitted an application to the Texas Department of Housing and Community Affairs (TDHCA) for an allocation of 2008 Housing Tax Credits for the proposed Southern View Apartments; and

WHEREAS, §50.5 (a)(7A&B) of the Texas 2008 Qualified Allocation Plan, requires prior approval of the development by the City of Fort Stockton; and a written statement of support; and

WHEREAS, the City Council recognizes the importance of the development of housing within the City of Fort Stockton:

NOW, THEREFORE, BE IT RESOLVED, that the City of Fort Stockton, Pecos County, Texas is supportive of Wilhoit Properties, Inc. efforts to continue the process of rezoning and permitting for development of the Southern View Apartments, and gives permission to the Texas Department of Housing and Community Affairs to issue an allocation of Housing Tax Credits for the Southern View Apartments in the City of Fort Stockton, Texas.

APPROVED AND PASSED THIS 25th DAY OF MARCH, 2008.

Ruben V. Falcon, Mayor

Rafael Castillo, Jr., City Manager

ATTEST:

Delma A. Gonzalez, City Secretary

Approved as to form & legality:

Mart O. Adams, City Attorney

08299

08299

Amendment

S

THE CITY OF FORT STOCKTON, TEXAS

ENTERED

MAYOR
RUBEN V. FALCON, JR.

CITY MANAGER
RAFAEL CASTILLO, JR.

CITY SECRETARY
DELMA A. GONZALEZ

CITY ATTORNEY
MARTIN O. ADAMS

P.O. BOX 1000
121 WEST SECOND STREET
FORT STOCKTON, TEXAS 79735
AREA CODE 432-336-8525
FAX 432-336-6273

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

02-29-08 11:08 RCVD

Re: Southern View Apartments
Fort Stockton, Texas

Dear Ms. Meyer:

Please be advised that Wilhoit Properties, Inc. has been in contact with my office and city staff and has submitted information regarding the Southern View Apartments that is proposed near Ryan Street and Hwy. 385. It is my understanding that this community will be very similar in nature to the Valley Creek Apartments that has been previously developed in Fort Stockton by Wilhoit Properties, Inc.

The City of Fort Stockton continues to have a need for safe, clean, and decent housing for the residents of our city. This proposed community will add to and help to improve the availability of housing within the City of Fort Stockton.

Therefore, pursuant to Section 50.5 (a)(7A&B) of the Texas 2008 Qualified Allocation Plan, the City of Fort Stockton has been advised of this community, gives approval of the community, with the understanding that final plans and specifications must be approved by our city departments.

The City of Fort Stockton also gives approval to the Texas Department of Housing and Community Affairs to allocate Housing Tax Credits for this Community.

Also, let it be known that the City of Fort Stockton is in support of the Southern View Apartment community.

Cordially,

Mayor, Ruben Falcon

City Manager, Rafael Castillo, Jr.

08299

C: Paul Holden – Wilhoit Properties, Inc.
Raymond Casas – Code Enforcement Officer/ Building Official
Doug May – Director of Economic Development
Luis Villarreal – Councilperson
Brenda Tipton – Councilperson
Vanessa Cardwell – Councilperson
Steve Hampton – Councilperson
John Pacheco – Councilperson

Reference recommendation support letter Southern View Apartments, Fort Stockton, Texas.

sm

08299

Amendment

THE CITY OF FORT STOCKTON, TEXAS

MAYOR
RUBEN V. FALCON, JR.

CITY MANAGER
RAFAEL CASTILLO, JR.

CITY SECRETARY
DELMA A. GONZALEZ

CITY ATTORNEY
MARTIN O. ADAMS

P.O. BOX 1000
121 WEST SECOND STREET
FORT STOCKTON, TEXAS 79735
AREA CODE 432-336-8525
FAX 432-336-6273

Paul Holden
Wilhoit Properties, Inc.
16188 Oak Grove Road
Buda, Texas 78610

Re: Utility easement relocations and vacation of street ROW
Southern View Apartments
Fort Stockton, Texas

Dear Mr. Holden:

Pursuant to your request, please be advised that the City of Fort Stockton was aware at the time of the request for rezoning of the property for the Southern View Apartments, that a request would be made to address the existing utility easements on the property to accommodate the building layout. In addition the City of Fort Stockton was also aware at that time that a request to vacate a section of Oklahoma Street would be received in order to accommodate the site plan.

Representative of Zimmerman Properties have been in contact with our staff and we are working with them to resolve any issue.

Please contact my office with any questions you may have at (432) 336-8525.

Sincerely,

Rafael Castillo, Jr.
City Manager

copy of contract in application

08299

COMMERCIAL AND INDUSTRIAL REAL ESTATE SALE CONTRACT

1. PARTIES: This contract ("Contract") is made by and between **Clayton K. Alexander and Omer D. Price** ("Seller") and **Zimmerman Properties Development, LLC, and/or assigns** ("Buyer"), and is effective as of the date and time of acceptance on the signature page of this Contract (the "Effective Date").

2. PROPERTY: Seller sells to Buyer and Buyer purchases from Seller the real estate that is located in **Pecos** County, **Fort Stockton, Texas**, consisting of **approximately 4.56± acres** from Block 3 & 4, Lots 1 through 23, and Block 5, Lots 1,2,3,8, 9, & 10., Alamo Village Addition, Fort Stockton, Texas.

SEE ATTACHED EXHIBIT 'A', LEGAL ON SURVEY TO GOVERN

3. EXCEPTIONS: The Property shall be subject, however, to the Permitted Exceptions (as defined in paragraph 8 of this Contract), and the existing leases, contracts and agreements disclosed by Seller to Buyer pursuant to paragraph 19 of this Contract.

4. PURCHASE PRICE: The purchase price shall be **Ninety Eight Thousand and 00/100 ($98,000.00)**, cash which Buyer agrees to pay as follows: **Earnest Money in amount of five thousand and 00/100 dollars ($5,000.00)** as "Earnest Money" which is to be deposited within ten (10) business days of execution of this Contract in a trust or escrow account of **Hexter-Fair Title Company, 8333 Douglas Avenue, Suite 130, Dallas, Texas, Attn: Carol Erick** ("Escrow Agent") as part of the consideration of the sale; the purchase price to be paid in guaranteed funds or cashier's check at Closing (as defined in this Contract), adjusted at Closing for prorations, closing costs and other agreed adjustments. Buyer and Seller also agree to the following:

- Upon the execution of this contract by both parties, the **Five Thousand Dollars ($5,000.00)** of earnest money will be considered as earned, non refundable to Buyer, title company will forward earnest monies directly to the Seller and funds will be applied to the Purchase Price at Closing.
- On August 1, 2008, Buyer will send **Ten Thousand Dollars ($10,000.00)** to the title company as "Additional Earnest Money" that will be considered as earned and non refundable to Buyer, and the title company will forward monies directly to the Seller. All Additional Earnest Money will be applied to the Purchase Price at Closing.

5. CLOSING DATE: Subject to all the provisions of this Contract, the closing of this Contract (the "Closing") shall take place at the offices of the Title Company (as hereinafter defined) or such other place as the parties mutually agree on or before the **31st** day of **October, 2008** thereto by mutual consent, and possession shall be delivered at Closing. Contract will become null and void after this date, unless extended by mutual agreement.

6. EXISTING FINANCING: Seller shall make any payments required on existing mortgages or deeds of trust until Closing.

7. PRORATIONS: The rents, income and expenses from the Property shall be prorated between Seller and Buyer as of Closing. Seller shall pay all general real estate taxes levied and assessed against the Property, and all installments of special assessments assessed for or attributable to the years prior to the calendar year of Closing. All such taxes and installments of special assessments assessed for or attributable to the calendar year of Closing shall be prorated between Seller and Buyer on the basis of such calendar year, as of Closing. If the amount of any tax or special assessment cannot be ascertained at Closing, proration shall be computed on the

Buyer's Initials

Seller's Initials CDA

copy of first page following the contract in application

Hitching Post

08299

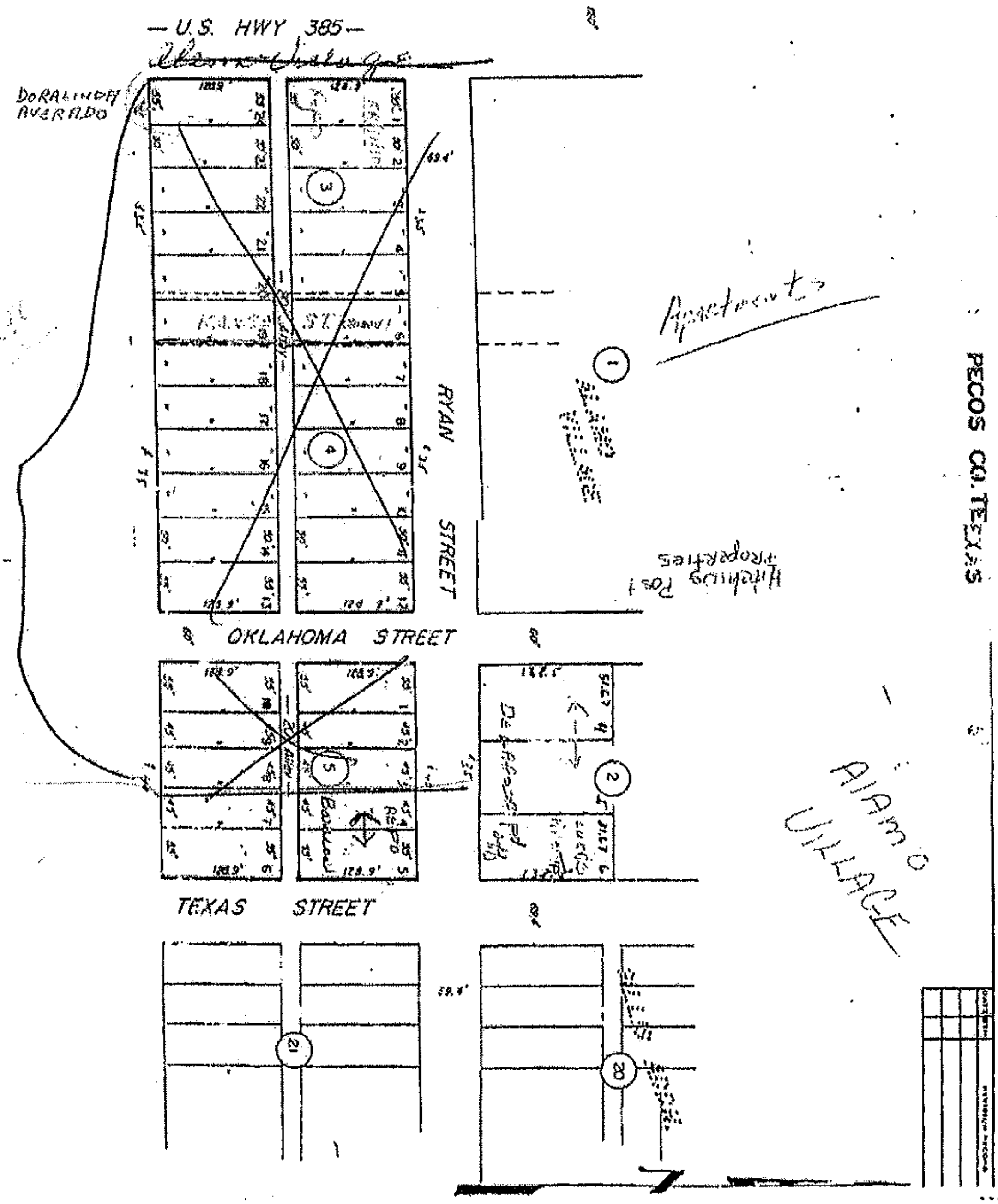


EXHIBIT "A"

5.01 acre Deficiency response

Rec'd TDHCA 4/24/08 @ 1:42 pm 08299

10411

PART B. SPECIFICATIONS AND AMENITIES

SITE ATTRIBUTES

Total Acquisition Acreage: 3.5 wrong Development Site Acreage: 3.5 # Units per Acre: 13.7

☒ Single Site ☐ Contiguous Multiple Sites (# Sites: __) ☐ Scattered Sites (# Sites: __)**

** Note: If Scattered Site, submit evidence of scattered site pursuant to ASPM behind this tab.

The site was 5.01 acres, not 3.5 acres

DEVELOPMENT ATTRIBUTES *Selections must be consistent with submitted architectural plans*

# of Residential Buildings: 3 Maximum # of Floors: 3

Configuration: ☐ Duplex ☐ Townhome ☐ Fourplex ☒ >4 units per building ☐ Single family construction ☐ SRO (per §42(i)(3)(B)) ☐ Transitional (per §42(i)(3)(B))

☐ Fire Sprinkler in all residential areas # of Hydraulic / 0 - Passenger Elevators: 0

EXTERIOR *Selections must be consistent with submitted architectural plans*

Subfloor
- ☐ Wood
- ☒ Concrete Slab
- ☐ Other *(Describe)*

Walls
- ____ % Plywood/Hardboard
- ____ % Vinyl or Aluminum Siding
- 8 % Masonry Veneer
- 92 % Fiber Cement Siding
- ____ % Stucco
- ____ % Other *(Describe)*

Parking
- ____ Shed or Flat Roof Carports
- ____ Detached Garages
- ____ Uncovered Spaces
- 91 Parking Garage Spaces

Roofs
- ☐ Built-Up Tar and Gravel
- ☒ Comp. Shingle
- ☐ Comp. Roll
- ☐ Elastomeric
- ☐ Wood Shake
- ☐ Other *(Describe)*

INTERIOR *Selections must be consistent with submitted architectural plans*

Flooring
- 90 % Carpet
- 10 % Resilient Covering
- ____ % Ceramic Tile
- ____ % Light Concrete
- ____ % Other *(Describe)*

Air System
- ☒ Forced Air
- ☐ Furnace
- ☐ Hot Water
- ☐ Warm and Cooled Air
- ☐ Heat Pump, packaged
- ☐ Wall Units
- ☐ Other *(Describe)*

Walls
- ☒ Drywall
- ☐ Plaster
- ☐ ____ - Foot Ceilings

Other
- ☒ Washer and Dryers onsite (# 3 washers/3 dryers)
- ☐ Fireplace included in all Units
- ☐ Fireplace onsite (# ____)
- ☐ Other *(Describe)*

By: ____________________ 4/24/08 Its: member
Signature of Applicant/Owner *Date*

08299

08300

THE NATIONAL DEVELOPMENT COUNCIL

07-24-09P12:45 RCVD

July 13, 2009

Texas Department of Housing & Community Affairs
Attn. Robbye Meyer
Multifamily Division
221 East 11th Street
Austin, TX 78701-2410

RE: Blackshear Homes – 08300

Dear Ms. Meyer:

Blackshear Homes is a 20 unit LIHTC development on scattered sites in the Blackshear neighborhood of San Angelo, TX. The project, as originally proposed, was located on eight lots with multiple units on several of the lots. The original acreage was 3.9285 acres, a density of one unit per .1964 acres.
We are respectfully requesting to amend our site plan to include eight additional lots. The number of units will remain at twenty. The additional lots are all in the Blackshear neighborhood. With the additional lots the total project acreage will be increased to 5.2954 acres with an average density of one unit per .2648 acres. The additional lots will reduce the need for shared driveways, and will enhance the project visibility of the project bringing more units to the various street frontages.

The City of San Angelo has been the driving force behind the proposed amendment for several reasons: first the additional land enhances the ability to convert the units to home ownership at the end of the compliance period as proposed in the original application. Secondly, the revised site plan encompasses more of the Blackshear neighborhood where the City is focusing their community development efforts and dollars. The City has recently constructed a LEED certified home in the vicinity of the additional lots. The City is providing seven of the eight new lots at a below market cost of $750.00 under its urban homesteading program. The eighth lot was an interior lot (surrounded by 3 of the original eight lots) on Shelton Street. Galilee CDC, the joint venture developer, has acquired this lot from Tom Green County and will make it available to the project at the same price as the city lots, $750.00.

7513 Thistledown Drive
McKinney, TX 75071
TEL (214) 491-1500 FAX (214) 291-5206

New York Office
708 Third Avenue, Suite 710
New York, NY 10017
TEL (212) 682-1106 FAX (212) 573-6118

www.nationaldevelopmentcouncil.org

08300

July 13, 2009
Blackshear Homes – 08300

The Blackshear Homes 2008 LIHTC application did not receive "pre-application" bonus points; therefore, the competitive score would not have changed as a result of the proposed amendment. A copy of the new site plan, surveys, title policies and environmental Phase 1 for the additional lots are enclosed.

Best Regards,

Stephanie Dugan

Stephanie Dugan, Director
National Development Council,
& Agent for Community Development Properties, San Angelo, Inc., Managing Member
Blackshear Properties of San Angelo, LLC

SCATTERED SITE INFORMATION

Application Amendment
3.9285acres + 1.3670acres
=5.2955acres

original 3.9285 ACRES

Amended 1.3670 ACRES

	11 Digit Census Tract Number	Legal (Lot, Block, Subdivision)	Address (Street Number and Name)	Acres (Decimal Out to 4 Places)	No. of Units on This Lot	Bldg. Type(s) (SFR, 2plex, 3plex, 4plex, 5plex, etc.)	Contract Grantor & Grantee
1	48451000500	North 134.24 ' of Lot 10, Block 3 Home Acres	2022 Shelton 134.24' x 250'	.7704	3	SFR	Option Contract City of San Angelo to Galilee CDC Assigned to Applicant
2	48451000500	Lot 11, Block 3 Home Acres	2000 Shelton 174.24' x 250'	1.000	3	SFR	""
3 *	48451000500	South 40' of West 1/2 Lot 10, Block 3 Home Acres	2000 Block, Shelton 40' x 125'	.1148	0*	SFR	""
4	48451000500	Lot 5, Block 4 Allendale	808 W. 19th 50' x 192.5'	.2210	1	SFR	""
5	48451000500	N 1/2 of E 1/2 Lot 1, Block 4 Home Acres	1915 Shelton 71.18' x 153'	.2500	1	SFR	""
6	48451000500	Lot 4 & 5, Block 3 Allendale	708 (710) W. 19th Street 100' x 192.5'	.4419	2	SFR	""
7	48451000500	Lot 8, Block 2, Home Acres except the N 55' of the west 150' Lot 8	2122 Brown Street 119.24' x 250' + 55' x 100'	.8106	2	SFR	""
8	48451000500	W1/2 of Lot 8 Block 4, Home Acres	2200 Lillie 91.05' x 153'	.3198	1	SFR	""
9	48451000500	Lot 2, Block 4, Mineola Addition	807 W. 18th Street 51' x 145'	.1698	1	SFR	""
10	48451000500	Lot 1, Block 4, Mineola Addition	801 W. 18th Street 51' x 145'	.1698	1	SFR	""
11	48451000500	Lot 2, Block 2, Mineola Addition	604 W. 18th Street 50' x 145'	.1664	1	SFR	""
12	48451000500	Lot 18, Block 3, Mineola Addition	704 W. 17th Street 50' x 150'	.1722	1	SFR	""
13	48451000500	Lot 7 Block 3, Mineola Heights Addition	714 W. 18th Street 50' x 200'	.2296	1	SFR	""
14	48451000500	South 150 Feet of Lot 8, Block 3, Mineola Heights Addition	716 W. 18th Street 50' x 150'	.1722	1	SFR	""
15	48451000500	South 150 Feet of Lot 10, Block 3, Mineola Heights Addition	720 W. 18th Street 50' x 150'	.1722	1	SFR	""
16 *	48451000500	East 1/2 of the South 40' of Lot 10, Block 3 Home Acres (back 1/2 of #3 above)	2000 Block, Shelton 40' x 125'	.1148	0*	SFR	""
17							
18	* Same Lot						
19							
20							

08300

Volume 3, Tab 2
SCATTERED SITE INFORMATION

	11 Digit Census Tract Number	Legal (lot, Block, Subdivision)	Replat Description	Address (Street Number and Name)	Acres (Decimal Out to 4 Places)	Acres After Re-plat	No. of Units on This Lot	No. of Units After Replat	Bldg. Type(s) (SFR, 2plex, 3plex, 4plex, 5plex, etc.)	Contract Grantor & Grantee
1	48451000500	North 134.24' of Lot 10, Block 3 Home Acres	First Replat in Lot 10, Block 3, Home Acres Addition	2022 Shelton	0.7704	0.0000	3		SFR	Option Contract City of San Angelo to Galilee CDC Assigned to Applicant
1A		REPLAT	Lot 10A, Block 3, Home Acres Addition	2022-A Shelton		0.3333		1		
1B		REPLAT	Lot 10B, Block 3, Home Acres Addition	2022-B Shelton		0.3333		1		
2	48451000500	Lot 11, Block 3 Home Acres	First Replat in Lot 11, Block 3, Home Acres Addition	2000 Shelton	1.0000	0.0000	3		SFR	""
2A		REPLAT	Lot 11A, Block 3, Home Acres Addition	2000-A Shelton		0.3333		1		
2B		REPLAT	Lot 11B, Block 3, Home Acres Addition	2000-B Shelton		0.3333		1		
2C		REPLAT	Lot 11C, Block 3, Home Acres Addition	2000-C Shelton		0.3334		1		
3	48451000500	South 40' of West 1/2 Lot 10, Block 3 Home Acres	First Replat in Lot 10, Block 3, Home Acres Addition	2000 Block Shelton	0.1148	0.0000	0		SFR	""
3C		REPLAT	Lot 10C, Block 3, Home Acres Addition	2022-C Shelton		0.3334		1		
4	48451000500	Lot 5, Block 4 Allendale		808 W. 19th	0.2210	0.2210	1	1	SFR	""
5	48451000500	N 1/2 of E 1/2 Lot 1, Block 4 Home Acres		1915 Shelton	0.2500	0.2500	1	1	SFR	""
6	48451000500	Lot 4 & 5 , Block 3 Allendale		708 (710) W. 19th Street	0.4419	0.4419	2	2	SFR	""
7	48451000500	Lot 8, Block 2, Home Acres except the N 55' of the west 150' Lot 8	First replat In Lot 8, Block 2, Home Acres Addition	2122 Brown Street	0.8106	0.0000	2		SFR	""
7A		REPLAT	Lot 8A , Block 2, Home Acres Addition	2122-A Brown Street		0.4684		1		
7B		REPLAT	Lot 8B , Block 2, Home Acres Addition	2122-B Brown Street		0.3422		1		
8	48451000500	W 1/2 of Lot 8 Block 4, Home Acres		2000 Lillie	0.3198	0.3198	1	1	SFR	""
9	48451000500	Lot 2, Block 4 Mineola Addition		807 W. 18th Street	0.1698	0.1698	1	1	SFR	""
10	48451000500	Lot 1, Block 4 Mineola Addition		801 W. 18th Street	0.1698	0.1698	1	1	SFR	""
11	48451000500	Lot 2, Block 2 Mineola Addition		604 W. 18th Street	0.1664	0.1664	1	1	SFR	""
12	48451000500	Lot 18, Block 3, Mineola Addition		704 W. 17th Street	0.1722	0.1722	1	1	SFR	""
13	48451000500	Lot 7 Block 3, Mineola Heights Addition		714 W. 18th Street	0.2296	0.2296	1	1	SFR	""
14	48451000500	South 150' of Lot 8, Block 3, Mineola Heights Addition		716 W. 18th Street	0.1722	0.1722	1	1	SFR	""
15	48451000500	South 150' of lot 10 , Block 3, Mineola Heights Addition		720 W. 18th Street	0.1722	0.1722	1	1	SFR	""
16	48451000500	East 1/2 of the South 40' of Lot 10, Block 3 Home Acres (back 1/2 of lot #3 above)	First Replat in Lot 10, Block 3, Home Acres Addition	2000 Block Shelton	0.1148	0.0000	0		SFR	""
3C		REPLAT (Back 1/2 of 3C above)	Lot 10C, Block 3, Home Acres Addition	2022-C Shelton (same as 3-C Above)		0.0000		0		
					5.2955	5.2955	20	20		

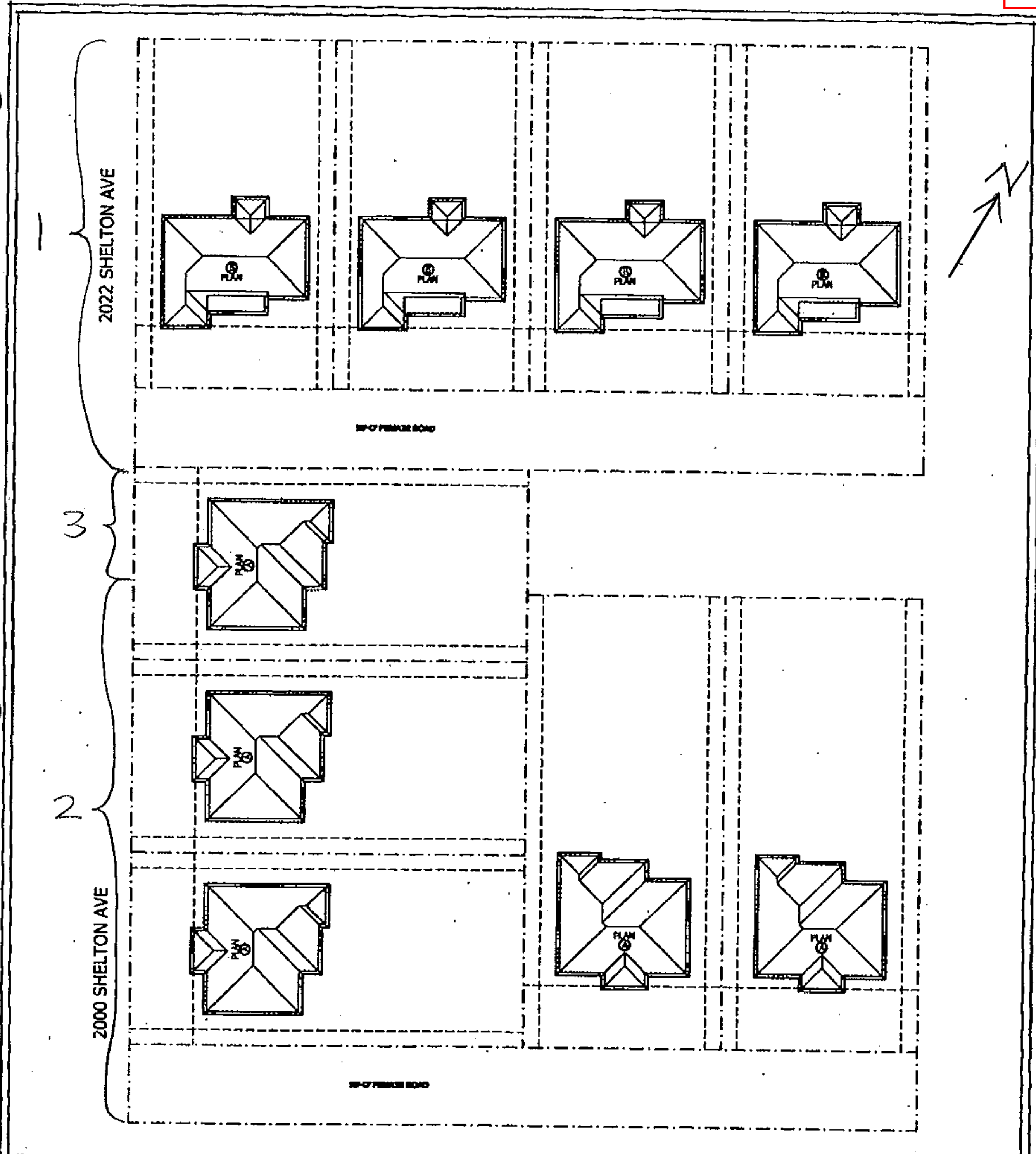
08300

08300


PROJECT MAP
N
19TH ST
LILLIE AVE
SHELTON ST
W 18TH ST
W 19TH ST
BROWN ST
HUDSON ST
W 17TH ST
BRYANT BLVD
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

Application: Sites 1-3 on Project Map

08300



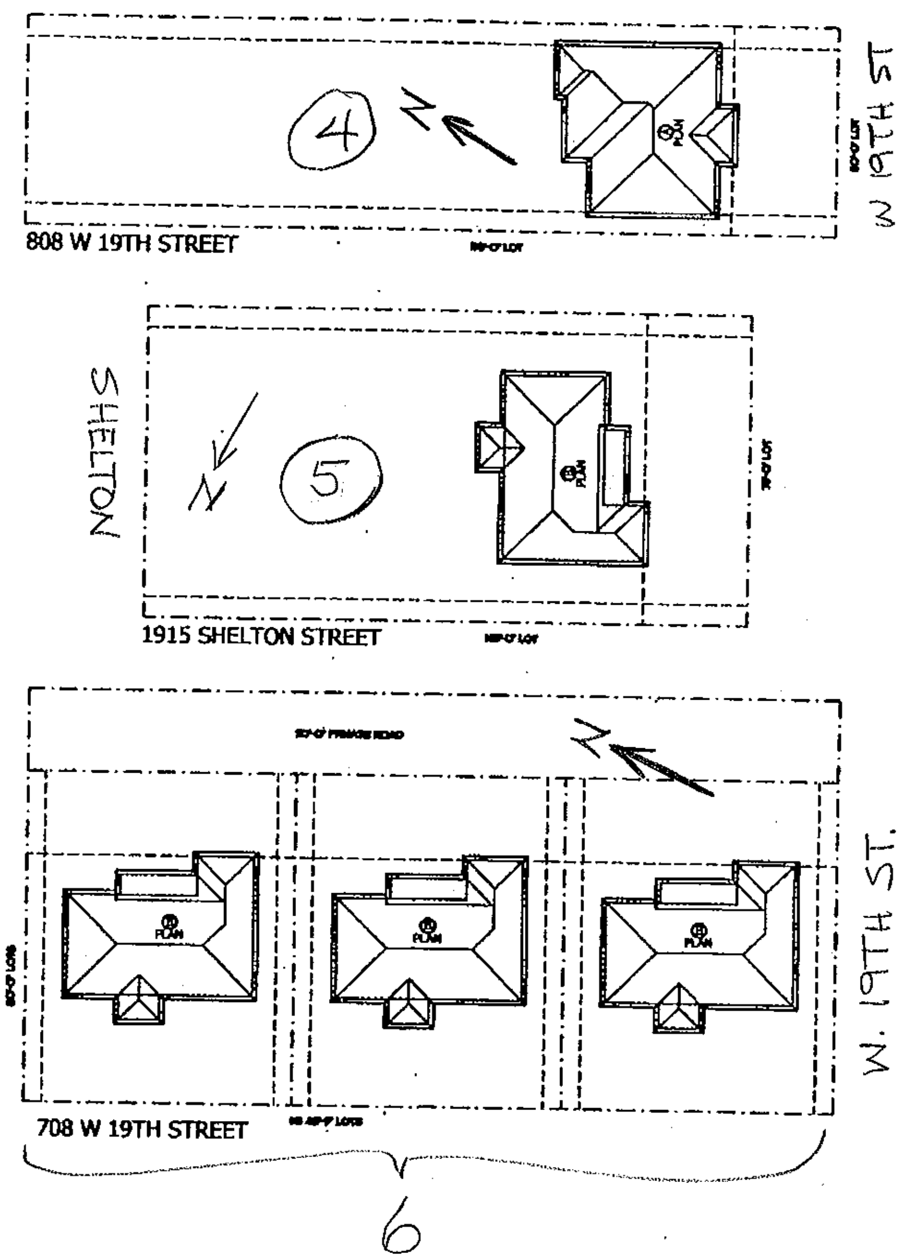
NATIONAL DEVELOPMENT COUNCIL

DATE: 2/26/08

Hunn Designs

Application: Sites 4-6

08300



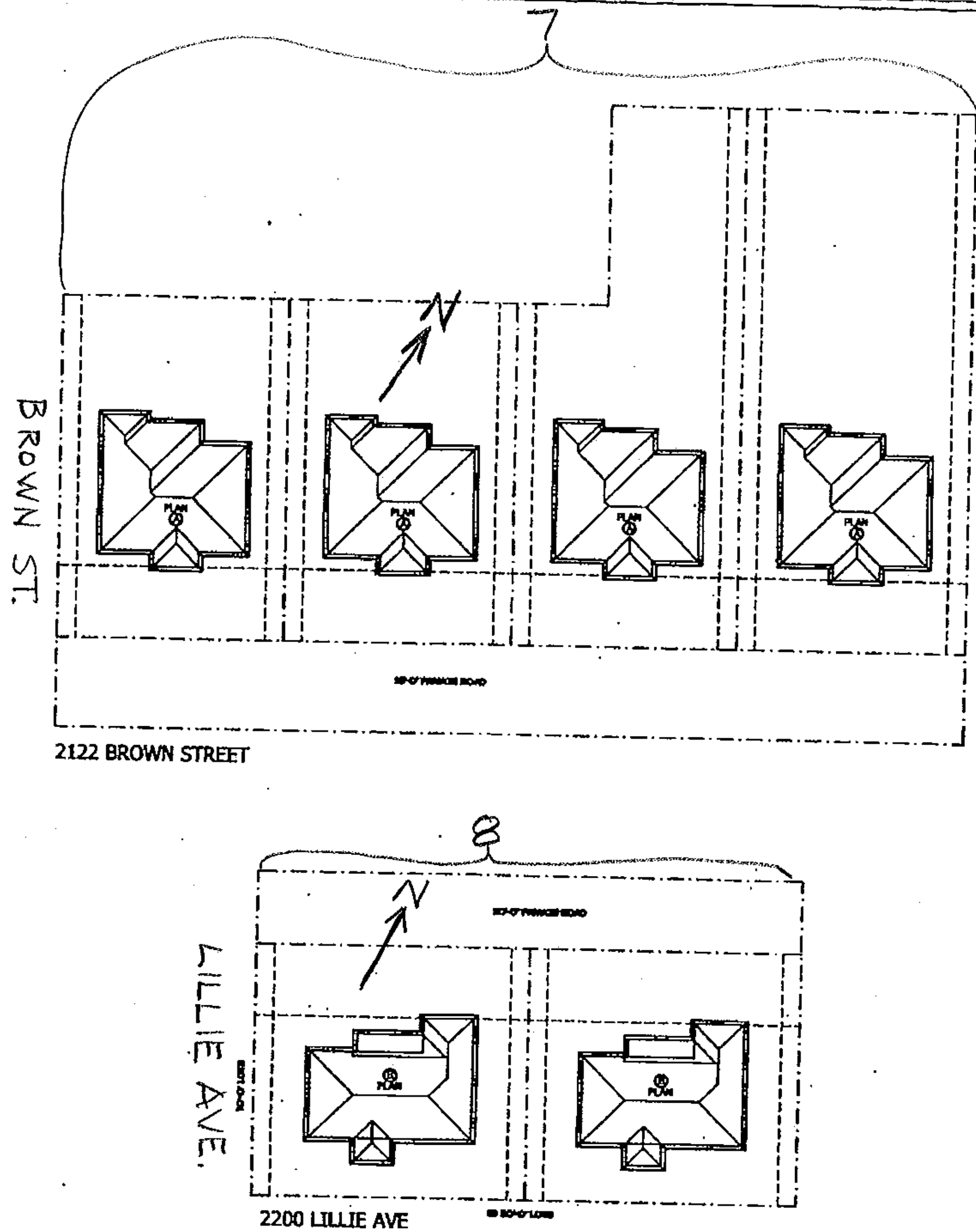
NATIONAL DEVELOPMENT COUNCIL

DATE: 2/26/08

Hunn Designs

Application: Sites 7&8

08300



NATIONAL DEVELOPMENT COUNCIL

DATE 2/26/08

Hunn Designs

AMENDMENT

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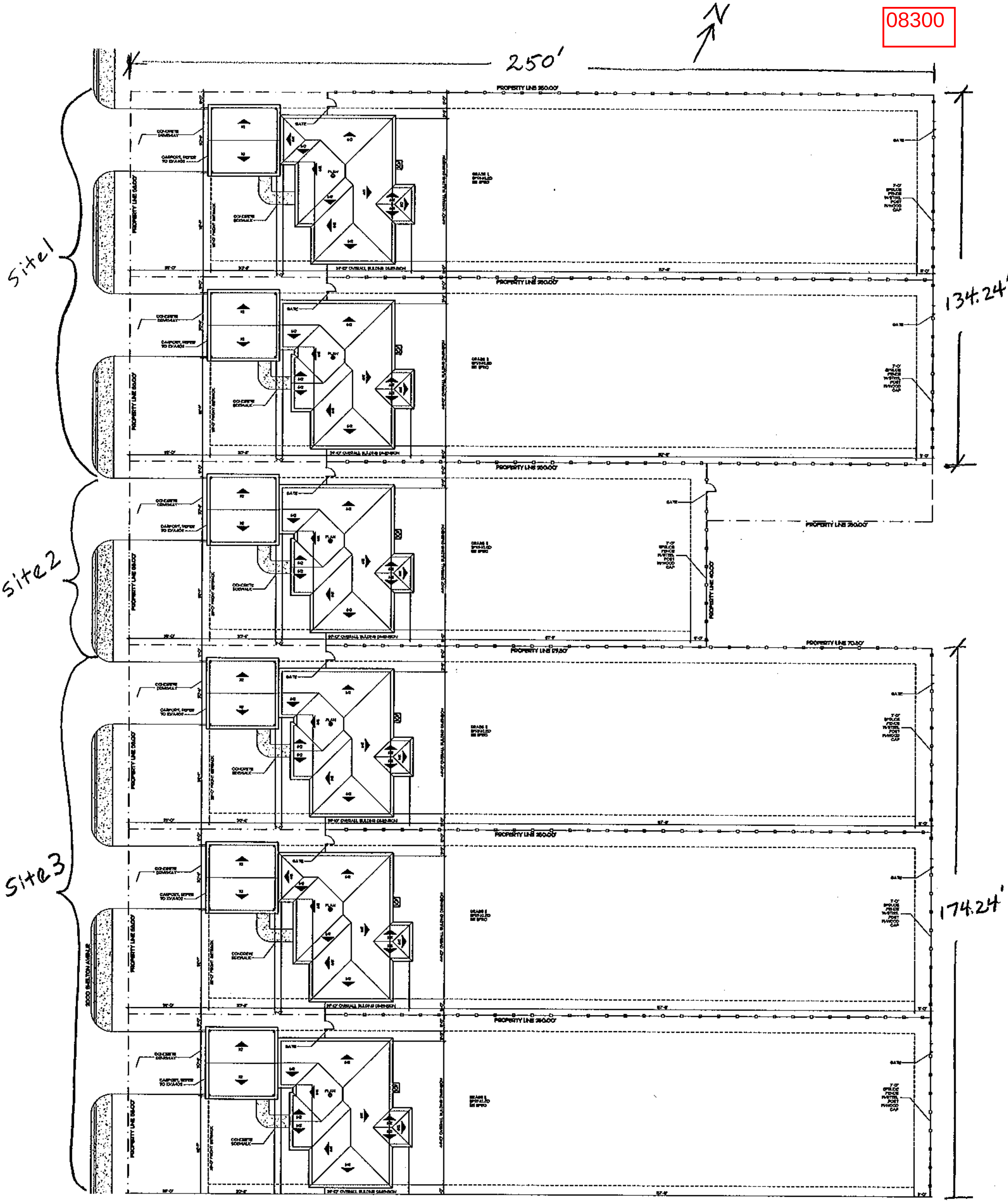
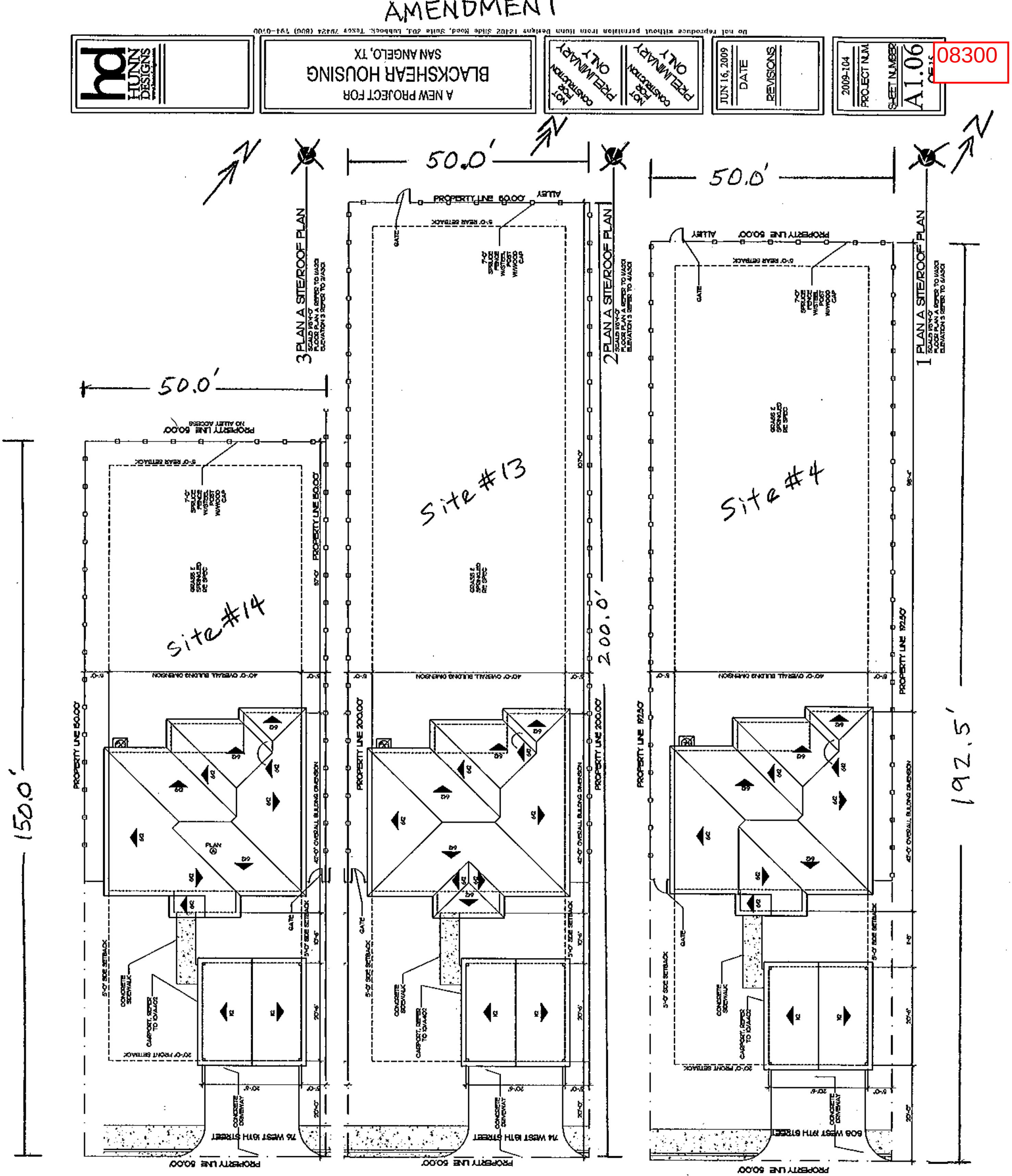
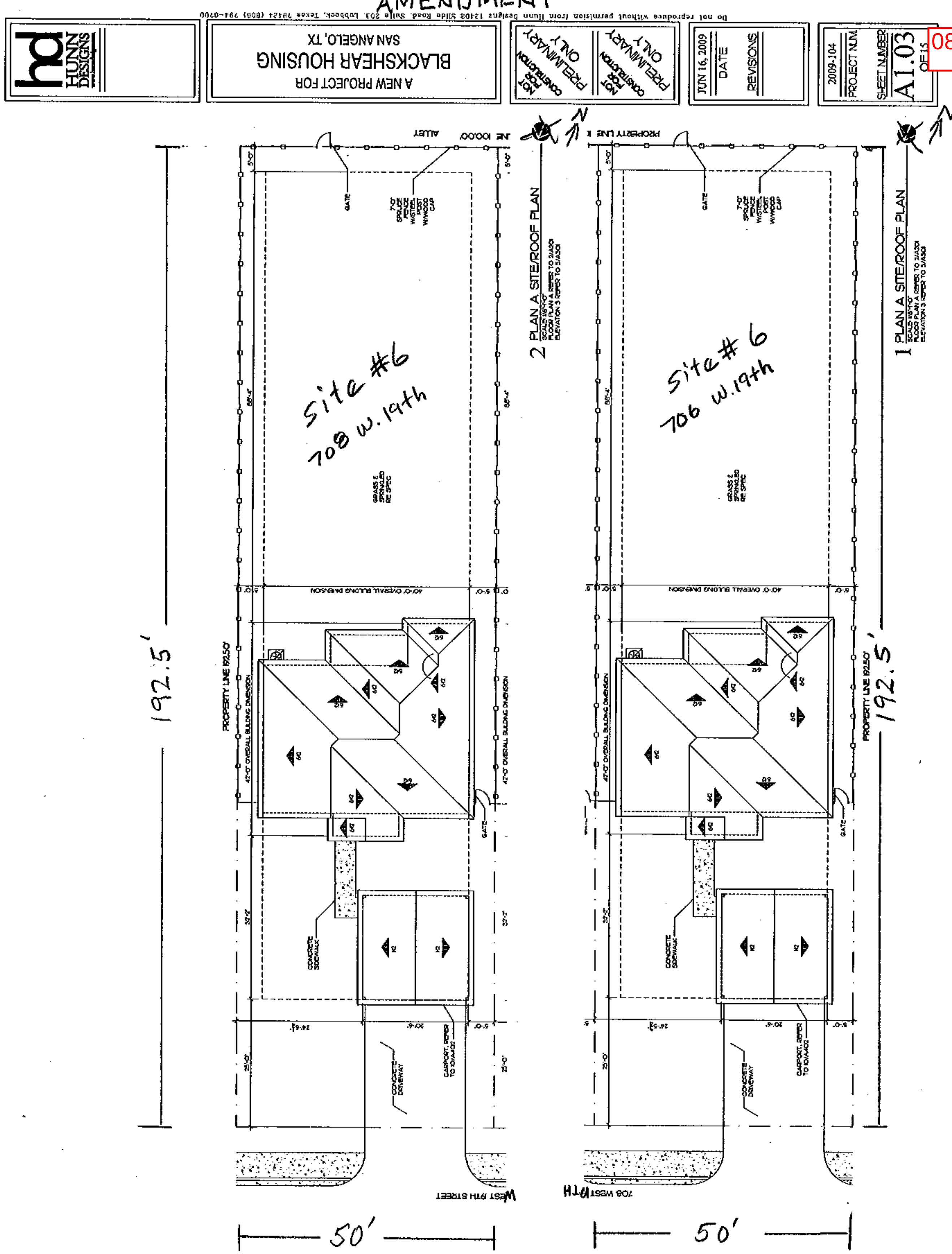




AMENDMENT
08300
Do not reproduce without permission from Hunn Designs 12102 Slide Road, Suite 201, Lubbock, Texas 79424 (806) 791-0700
HUNN DESIGNS
A NEW PROJECT FOR
BLACKSHEAR HOUSING
SAN ANGELO, TX
NOT FOR CONSTRUCTION PRELIMINARY ONLY
JUN 16, 2009
DATE
REVISIONS
2009-104
PROJECT NUM.
SHEET NUMBER
A1.06
3 PLAN A SITE/ROOF PLAN
2 PLAN A SITE/ROOF PLAN
1 PLAN A SITE/ROOF PLAN
50.0'
50.0'
50.0'
150.0'
200.0'
192.5'
Site #14
Site #13
Site #4
PROPERTY LINE 50.00'
PROPERTY LINE 200.00'
PROPERTY LINE 192.50'
ALLEY
NO ALLEY ACCESS
5'-0" REAR SETBACK
40'-0" OVERALL BUILDING DIMENSION
20'-0" FRONT SETBACK
5'-0" SIDE SETBACK
GATE
CONCRETE SIDEWALK
CONCRETE DRIVEWAY
716 WEST 19TH STREET
714 WEST 19TH STREET
608 WEST 19TH STREET

08300



AMENDMENT
Do not reproduce without permission from Hunn Designs 12408 Slide Road, Suite 203, Lubbock, Texas 79424 (806) 794-0700
hd HUNN DESIGNS
A NEW PROJECT FOR
BLACKSHEAR HOUSING
SAN ANGELO, TX
NOT FOR CONSTRUCTION
PRELIMINARY ONLY
JUN 16, 2009
DATE
REVISIONS
2009-104
PROJECT NUM.
SHEET NUMBER
A1.03
2 PLAN A SITE/ROOF PLAN
1 PLAN A SITE/ROOF PLAN
Site #6
708 W. 19th
Site # 6
706 W. 19th
192.5'
192.5'
50'
50'
PROPERTY LINE 192.50'
40'-0" OVERALL BUILDING DIMENSION
47'-0" OVERALL BUILDING DIMENSION
GATE
CONCRETE SIDEWALK
CONCRETE DRIVEWAY
CARPORT, REFER TO 10/A4.02
GRASS & SPRINKLER RE: SPEC
ALLEY
WEST 19TH STREET
708 WEST 19TH

AMENDMENT

HUNN DESIGNS

A NEW PROJECT FOR
BLACKSHEAR HOUSING
SAN ANGELO, TX

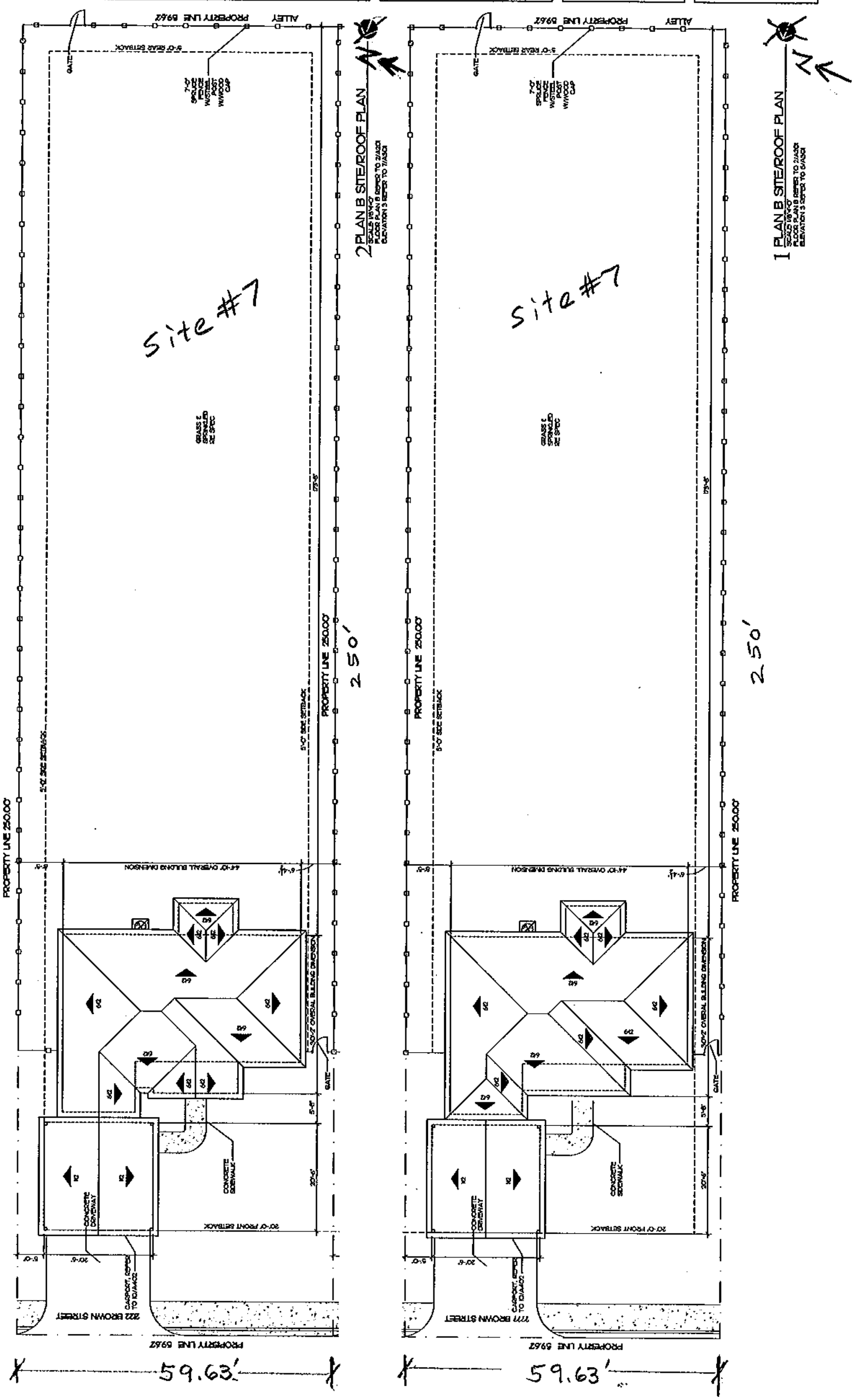
NOT FOR CONSTRUCTION
PRELIMINARY ONLY

NOT FOR CONSTRUCTION
PRELIMINARY ONLY

JUN 16, 2009
DATE
REVISIONS

2009-104
PROJECT NUM
SHEET NUMBER
A1.02

08300



AMENDMENT

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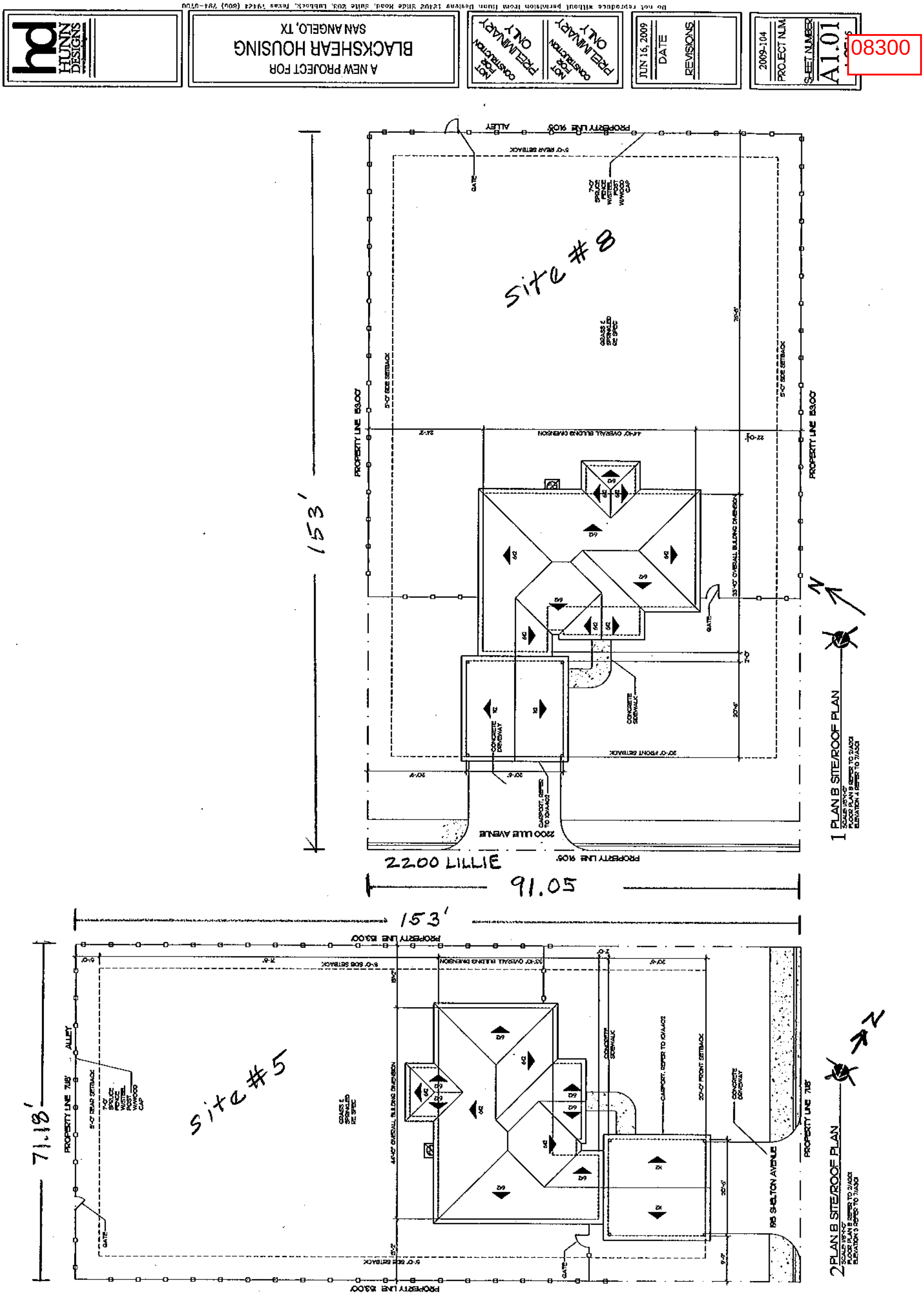

AMENDMENT

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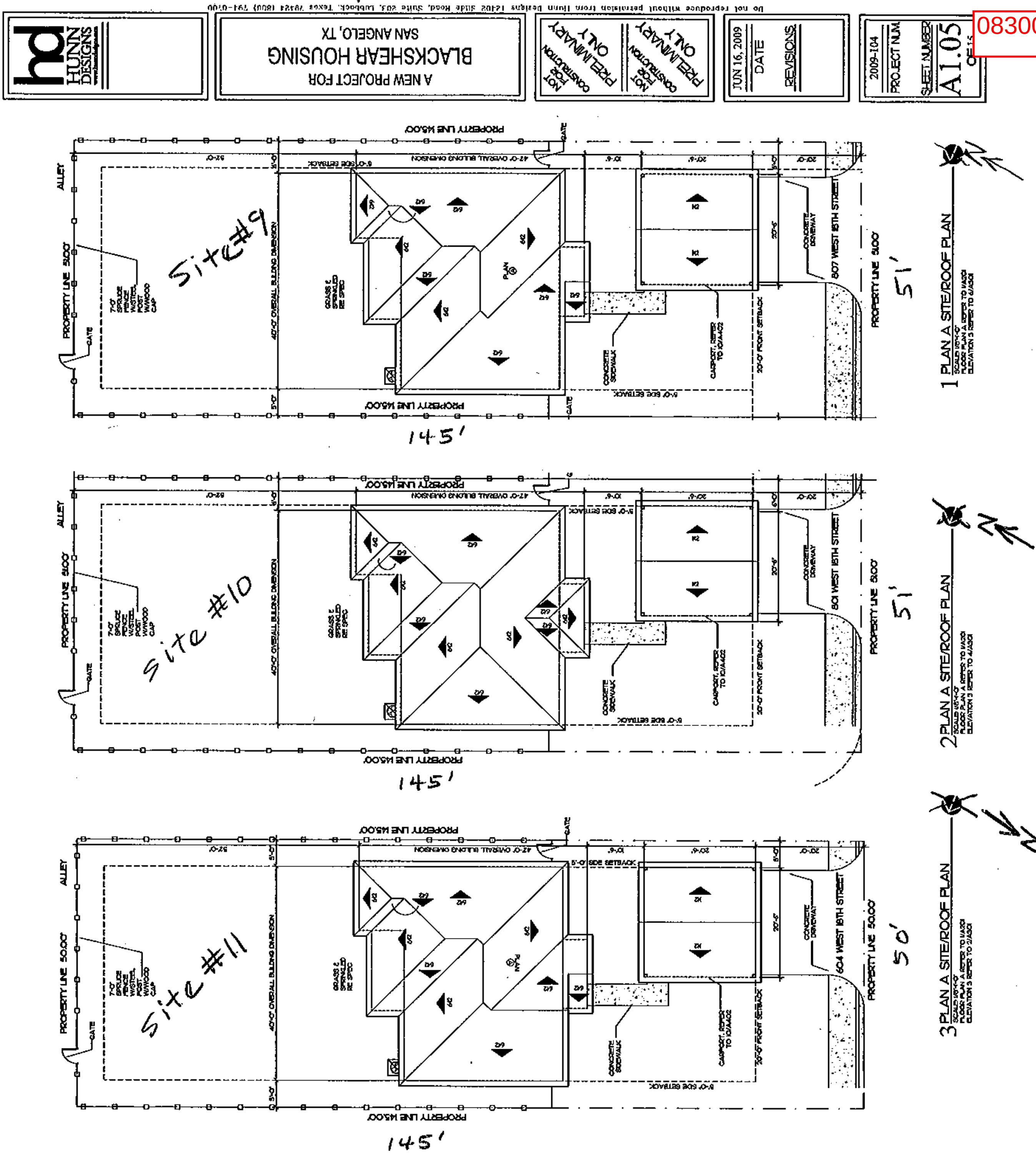
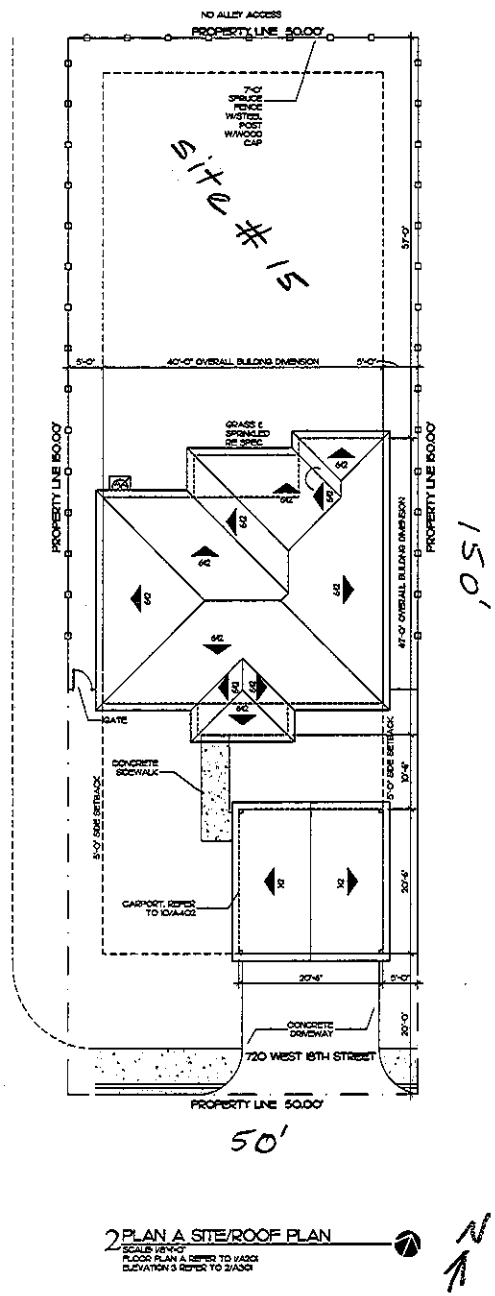
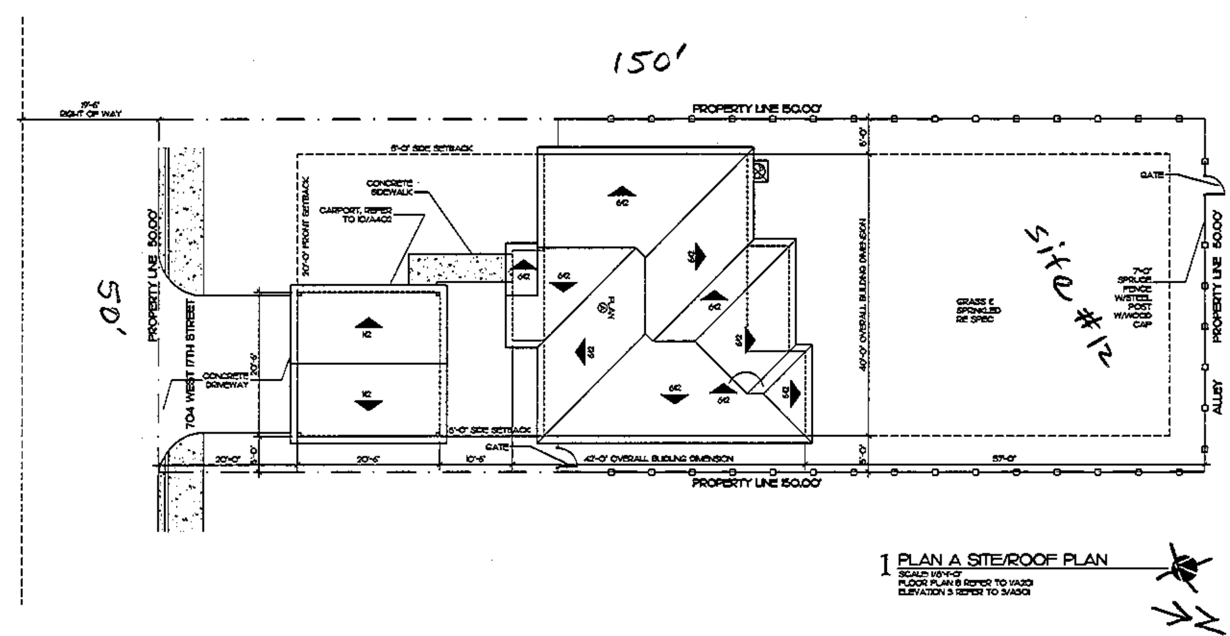




2 PLAN A SITE/ROOF PLAN
SCALE: 1/8"=1'-0"
FLOOR PLAN A REFER TO 1/A201
ELEVATION 3 REFER TO 2/A301



1 PLAN A SITE/ROOF PLAN
SCALE: 1/8"=1'-0"
FLOOR PLAN B REFER TO 1/A201
ELEVATION 3 REFER TO 3/A301

AMENDMENT

HUNN DESIGNS

A NEW PROJECT FOR
BLACKSHEAR HOUSING
SAN ANGELO, TX

NOT FOR CONSTRUCTION PRELIMINARY ONLY

NOT FOR CONSTRUCTION PRELIMINARY ONLY

JUN 16, 2009
DATE
REVISIONS

2009-104
PROJECT NUM.
SHEET NUMBER
A1.04
5

08300

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Approval of Extension of the Closing Deadline for 2008 Housing Tax Credits Awarded Forward Commitments

Requested Action

Approve or Deny the Extension of the Deadline to Close the Construction and Equity Funding.

Background

At the November Board meeting, the Board approved all remaining applications on the 2008 Housing Tax Credit Application Waiting List. The Board's approval was subject to the development closing the construction and equity funding by May 15, 2009. At the may 2009 board meeting the Board extended the deadline to September 30, 2009.

The Department has received requests to extend the deadline to December 30, 2009 to allow these applications the ability to utilize the TCAP or Exchange funds.

Recommendation

Staff recommends extending the closing date to December 30, 2009.

Housing Tax Credit Program
Board Action Request
September 3, 2009

Action Item

Request, review, and board determination of two (2) four percent (4%) tax credit applications with other issuers for the tax-exempt bond transactions.

Recommendation

Staff is recommending that the board review and approve the issuance of no (0) 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
09402	The Mirabella	San Antonio	San Antonio HFC	172	172	$20,671,625	$15,000,000	$775,146	$0
09404	Cevallos Lofts	San Antonio	San Antonio Housing Trust Corp.	252	63	$32,438,616	$20,000,000	$301,184	$0

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Issuance of a Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for The Mirabella Apartments in San Antonio, #09402.

Summary of the Transaction

Background and General Information: The application was received on April 22, 2009. The Issuer for this transaction is San Antonio Housing Finance Corporation with a reservation of allocation that expires on September 14, 2009. The development is new construction and will consist of 172 total units targeting the elderly population. Eighty percent (80%) of the units are proposed to be restricted at 60% Area Median Family Income (AMFI). The proposed development will be located in San Antonio, Bexar County and the site is currently zoned for this type of development.

Organizational Structure and Compliance: The Borrower is The Mirabella, Ltd. and the General Partner is SAHA The Mirabella, LLC, of which the Las Varas Public Facility Corporation has 100% ownership interest. The Compliance Status Summary completed on August 24, 2009 reveals that the principals of the general partner have received twenty four (24) multifamily awards that have been monitored with no material non-compliance.

Census Demographics: The development is to be located in the 1900 Block of Bandera Road in San Antonio. Demographics for the census tract (1805.01) include AMFI of $34,116; the total population is 5,231; the percent of population that is minority is 87.55%; the percent of population that is below the poverty line is 26.07%; the number of owner occupied units is 710; the number of renter units is 1,026 and the number of vacant units is 74. (Census information from FFIEC Geocoding for 2008).

Public Comment: The Department has received letters of support from State Senator Leticia Van de Putte, State Representative Joaquin Castro, State Representative Trey Martinez Fischer (does not represent the proposed Development's district), Mayor Phil Hardberger, County Commissioner Paul Elizondo, and City Councilman Justin Rodriguez. The Department also received a letter of support from the Woodlawn Hills Neighborhood Association, a signed petition of support containing nineteen (19) signatures and four (4) individual letters of support from members of the community. The Department has received a letter of opposition from John M. Folks, Northside ISD Superintendent.

Other Funding: The Board previously approved, at the November 13, 2008 Board meeting, a HOME Rental Housing Development Award for persons with disabilities in the amount of $500,000 and a Housing Trust Fund award in the amount of $384,000. While the original staff recommendation was to not recommend the transaction due to the infeasibility of the HOME and HTF financing structure, the Board approved the transaction based on an alternative structure that allowed repayment to begin three years after stabilization is achieved. The first possible payment would be at least five years from award. Both contracts were subsequently executed and it was anticipated they would close on these loans simultaneously with the bond issuance. An allocation of housing tax credits in the amount of $695,738 was previously approved at the November 13, 2008 Board meeting as well. However, this application was unable to close due to fluctuations in the credit pricing; specifically the equity investor they were working with (Bank of America) had already allocated their funds for 2008. The Applicant has since found a new equity investor, MMA Financial. The Applicant has received a 2009 reservation from the Bond

Review Board thus requiring the application to be re-evaluated based on 2009 program rules. The Applicant did not return their HOME or HTF award and currently have executed contracts on both awards.

The current underwriting report reflects thirteen (13) permanent sources of funding in addition to the deferral of 100% of the developer fee and a significant portion of the general contractor fee. Of the thirteen (13) sources, four (4) are HUD HOME loans or grants from three different entities; TDHCA, Bexar County and the City of San Antonio, which are also contributing other local funding or fee waives to the transaction. In addition to the deferred fees, the Development is also anticipating a related party below market loan from NRP Holdings, LLC in the amount of $1.6M. All of this combined the owner proposes to provide over $4M in loans or deferred fees.

Underwriting has determined that this level of deferred fees and non market loans is inconsistent with the Department's financial feasibility criteria and as such is not recommending approval of the Determination Notice. This level of contribution from the development owner at application is extremely rare and may only be made possible through the substitution of requested TCAP funding. In fact, the subject Development is not eligible for TCAP funding unless a Determination Notice is approved by September 30, 2009. The Applicant would then have to apply for TCAP funds from the limited amount of funds that remain available for 2009 Applicants in Round 2. The Applicant has indicated that they stand ready to close but it is more likely that they will, if approved for tax credits at this Board meeting, return the bond reservation and immediately reapply for a new 2009 reservation in order to restart the 150 day closing deadline clock. It should also be noted that this development is the first to utilize recently passed State law which allows a development to reduce its bond debt to less than the 50% initially required to qualify federally for the tax credits. In this case it can reduce the bond debt and still potentially access tax credits because there are not other multifamily tax exempt bond transactions in line waiting for a bond reservation.

Recommendation

Staff recommends the Board deny the issuance of a Determination Notice of $775,146 in Housing Tax Credits for The Mirabella Apartments due to the inability to repay the developer fee and contractor fee as well as the other issues noted above. Further details on the infeasibility of the transaction can be found in the real estate analysis report.

MULTIFAMILY FINANCE PRODUCTION DIVISION
September 3, 2009
Development Information, Public Input and Board Summary
The Mirabella, TDHCA Number 09402

BASIC DEVELOPMENT INFORMATION

Site Address:	1900 Block of Bandera Rd			Development #:	09402
City:	San Antonio	Region:	9	Population Served:	Elderly
County:	Bexar	Zip Code:	78228	Allocation:	Urban
				Purpose/Activity:	NC

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Bond Issuer: San Antonio HFC

HTF ☐

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

OWNER AND DEVELOPMENT TEAM

Owner:	The Mirabella, Ltd.
Owner Contact and Phone	Ed Hinojosa Jr., (210) 477-6023
Developer:	NRP Holdings LLC
Housing General Contractor:	NRP Contractors LLC
Architect:	Alamo Architects, Inc.
Market Analyst:	Apartment Market Data, LLC
Syndicator:	Red Stone Equity Partners
Supportive Services:	Community Housing Resources Partners, Inc.
Consultant:	N/A

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
1	0	23	148	0	0	112	60	0	0	0

Type of Building:
- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 4 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	172
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	172
Total Development Cost:	$20,671,625
Number of Residential Buildings:	4
HOME High Total Units:	0
HOME Low Total Units:	13

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:	$775,146	$0	0	0	0%
TDHCA Bond Allocation Amount:		$0	0	0	0%
HOME Activity Fund Amount:	$500,000	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			
HTF Rental Production Funds:	$384,000	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 3, 2009

Development Information, Public Input and Board Summary

The Mirabella, TDHCA Number 09402

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

4% Housing Tax Credits:	Credit Amount:	$0
Recommendation:		
TDHCA Bond Issuance:	Bond Amount:	$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0
Recommendation:		
HTF Rental Production Funds:	Loan Amount:	$0
Recommendation:		

MULTIFAMILY FINANCE PRODUCTION DIVISION
September 3, 2009
Development Information, Public Input and Board Summary

The Mirabella, TDHCA Number 09402

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26 NC

TX Representative: Castro, District 125 NC

US Representative: González, District 20, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Julian Castro, Mayor, City of San Antonio - NC

Resolution of Support from Local Government ☐

John M. Folks, Ed. D., Superintendent, Northside ISD - O

Phil Hardberger, Former Mayor, City of San Antonio - S

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

Neighborhood Input:

General Summary of Comment:

The Department has received one letter of support from the former City of San Antonio Mayor, Phil Hardberger and one letter of opposition from Northside ISD Superintendent, John M. Folks, Ed. D. No public comment was received from citizens.

CONDITIONS OF COMMITMENT

Not Recommended due to the following:

Pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, the Underwriter has concluded that the development cannot repay the estimated deferred developer fee from cashflow within the first fifteen (15) years of the long term proforma.

The proposed financing structure includes a loan from the developer that is being made to cover a gap in sources. This loan is anticipated to be repaid to the developer by TCAP funds. The Underwriter's cash flow does not indicate an ability for the development to retire this debt. The Underwriter characterizes this debt similarly to the deferred developer fees and must be shown to be repayable out of future cash flow unless a committed alternative repayment source is identified. No such source exists.

The Development is not eligible for TCAP funding unless a Determination Notice is approved by September 30, 2009. The Applicant would then have an ability to apply for TCAP funds from the any remaining amount of funds for TCAP Round 2.

Should the Board waive the above issues and approve this application, such an award should be conditioned upon the following:

An annual tax credit allocation not to exceed $775,146.

Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out.

Receipt, review, and acceptance, by cost certification, of documentation from the county appraisal district indicating that the development is eligible for and has secured 100% property tax exemption.

Receipt, review, and acceptance, by cost certification, of a letter from a certified public accountant allocating which portions of site costs should be included in Eligible Basis and which ones may be ineligible.

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).”

Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/27/09 PROGRAM: 4% HTC/HOME/HTF FILE NUMBER: **09402/08418**

DEVELOPMENT

The Mirabella

Location: 1900 Block of Bandera Road Region: 9

City: San Antonio County: Bexar Zip: 78228 [X] QCT [ ] DDA

Key Attributes: Elderly, New Construction, Special Needs

ALLOCATION

				CURRENT AWARD		
TDHCA Program				**Amount**	**Interest**	**Amort/Term**
Housing Trust Fund				**$384,000**	*see below	
HOME Activity Funds				**$500,000**	*see below	
Housing Tax Credit (Annual)				**$695,738**		

*The TDHCA Board previously awarded the above amounts at the November 2008 board meeting. Both the HOME loan and the HTF loan were approved as fully amortizable over a 30 year period at zero percent interest after a deferral period of five years.

	CURRENT REQUEST			CURRENT RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$775,146			**$0**		

RECOMMENDATION

NOT RECOMMENDED DUE TO THE FOLLOWING:

Pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, the Underwriter has concluded that the development cannot repay the estimated deferred developer fee from cashflow within the first fifteen (15) years of the long term proforma.

The proposed financing structure includes a loan from the developer that is being made to cover a gap in sources. This loan is anticipated to be repaid to the developer by TCAP funds. The Underwriter's cash flow does not indicate an ability for the development to retire this debt. The Underwriter characterizes this debt similarly to the deferred developer fees and must be shown to be repayable out of future cash flow unless a committed alternative repayment source is identified. No such source exists.

The Development is not eligible for TCAP funding unless a Determination Notice is approved by September 30, 2009. The Applicant would then have an ability to apply for TCAP funds from the any remaining amount of funds for TCAP Round 2.

CONDITIONS

SHOULD THE BOARD WAIVE THE ABOVE ISSUES AND APPROVE THIS APPLICATION, SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

1 An annual tax credit allocation not to exceed $775,146.

2 Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out.

3 Receipt, review, and acceptance, by cost certification, of documentation from the county appraisal district indicating that the development is eligible for and has secured 100% property tax exemption.

4 Receipt, review, and acceptance, by cost certification, of a letter from a certified public accountant allocating which portions of site costs should be included in Eligible Basis and which ones may be ineligible.

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.

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	23
60% of AMI	60% of AMI	148

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	Low HOME	1
50% of AMI	Low HOME	12

TDHCA SET-ASIDES for HTF LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	12

Mitigating Factors

Risks

- Demand for the 50% two-bedroom units appears to be very low according to both the Market Analyst's and Underwriter's capture rate calculations of over 100%.

- The Applicant proposes HOME funding from three different jurisdictions for the same property, which while not prohibited is extremely unusual and will require significant ongoing coordination between the three entities to ensure compliance with HUD HOME funding regulations.

- The Applicant proposes thirteen (13) sources of funding in addition to the deferral of 100% of the developer fee and a significant portion of the general contractor fee. In addition a related party below market rate loan in the amount of $1.6M is proposed, When combined the owner is proposing to provide over $4M in loans or deferred fees.

This section intentionally left blank.

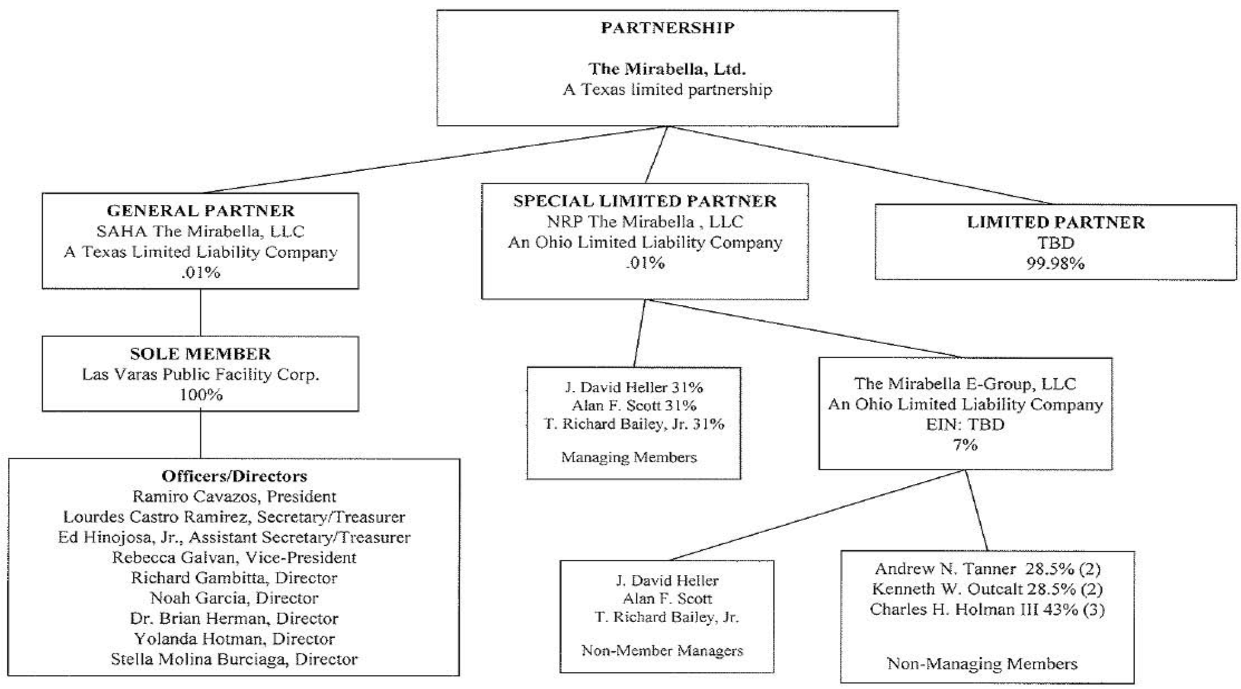
PREVIOUS UNDERWRITING REPORTS

The Mirabella (# 08418) was submitted and underwritten in November 2008 for 4% Housing Tax Credits, HOME-PWD funds, and a Housing Trust Fund allocation. While the current 2009 application appears to reflect a different income targeting than previously proposed and approved, the development remains identical with respect to the total number of units, same number of designated HOME and HTF units, same number of unit types, scope of development, size of site, and location.

The original staff recommendation was to not recommend the transaction due to infeasibility of the HOME and HTF financing structure. However, the TDHCA Board approved the transaction based on an alternative structure that allowed repayment to begin after a deferral period of five years.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Ed Hinojosa, Jr. Phone: (210) 477-6023 Fax: (210) 477-6002
Email: david_casso@saha.org

KEY PARTICIPANTS

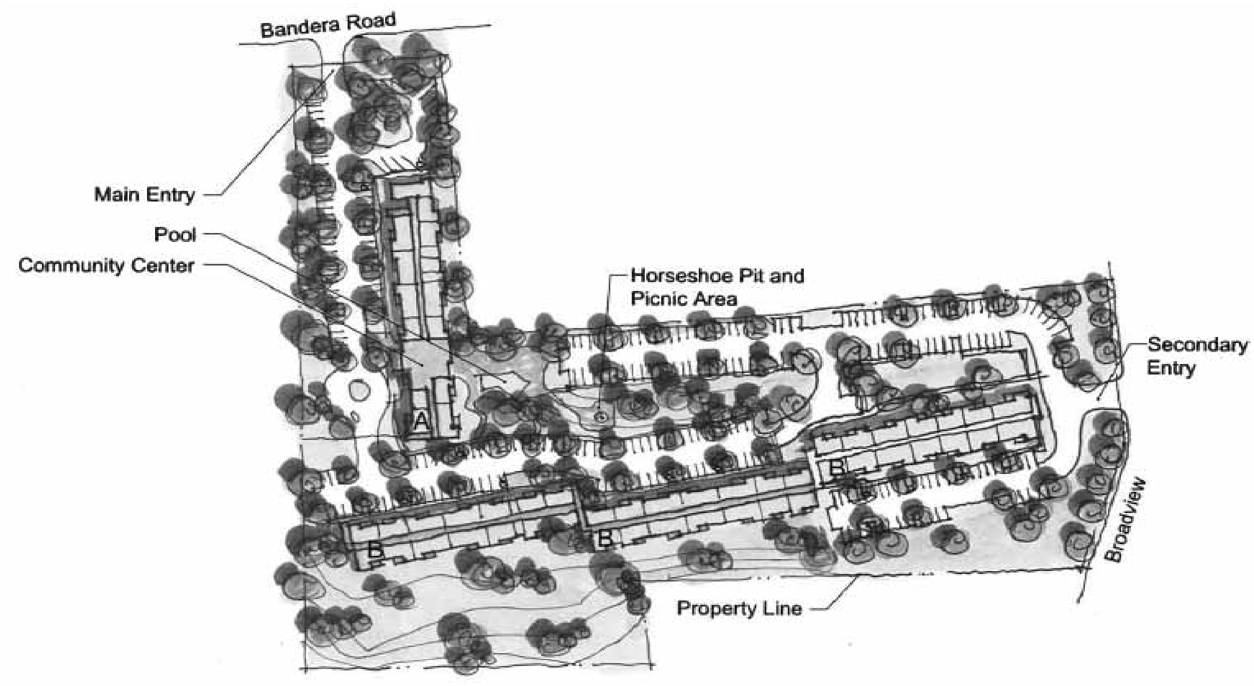
Name	Financial Notes	# Completed Developments
The Mirabella Ltd.	CONFIDENTIAL	0
SAHA The Mirabella, LLC		0
Las Varas Public Facility Corp.		26
Ramiro Cavazos		26
Rebecca Galvan		26
NRP Holding LLC		21
NRP Contractors LLC		9

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B								Total Buildings
Floors/Stories	3.5	3								
Number	1	3								**4**

BR/BA	SF	Units										Total Units	Total SF
1/1	650	22	30									112	72,800
2/2	849	24	12									60	50,940
Units per Building		46	42									**172**	**123,740**

SITE ISSUES

Total Size: 8.6 acres	Scattered site?	☐ Yes	☒ No		
Flood Zone: Zone X	Within 100-yr floodplain?	☐ Yes	☒ No		
Zoning: C-1, C-2, & MF-33	Needs to be re-zoned?	☐ Yes	☒ No	☒ N/A	

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff, TDHCA Staff, ORCA Staff Date: 5/22/2008

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North:	Single Family Homes	East:	Commercial & Retail
South:	Commercial/Retail; then Apartments & Single Family Homes	West:	Commercial & Retail

Comments:

The Inspector noted many amenities surrounding the development site.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Raba-Kistner Consultants, Inc. Date: 8/27/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- Recommends transporting the solid waste to a permitted landfill facility for proper disposal.
- Indicates that the site is located approximately 7.5 miles from a military airport (Lackland Air Force Base - site is directly under an approach to Lackland AFB; therefore a noise analysis must be conducted for this site.

Comments:

The Phase I ESA was originally reviewed in June 2007 and has since been updated as of August 2008. No new REC's were noted. Any recommended funding will be conditioned on receipt, and acceptance, prior to start of construction, of evidence that the solid waste identified in the ESA has been properly disposed of, and completion of a HUD-compliant study to identify sources of excessive noise at the site, and evidence that any recommendations of the noise study have been implemented.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 8/20/2008

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 28.4 sq. miles 3 mile equivalent radius

The proposed site is located in Qualified Census Tract 480291805.01 County of Bexar, City of San Antonio, Texas. The PMA also includes the following census tracts: 480291706.00; 480291706.00; 480291710.00; 480291711.00; 480291712.00; 480291713.00; 480291714.00; 480291715.00; 480291716.00; 480291717.00; 480291718.01; 480291718.02; 480291719.02; 480291719.03; 480291802.01; 480291802.02; 480291803.00; 480291804.00; 480291805.01; 480291805.03; 480291805.04; 480291806.01; 480291806.02; 480291807.02; 480291808.00; 480291809.01; 480291810.05; 480291815.06; 480291816.01; 480291816.02; 480291817.05

Secondary Market Area (SMA):

None defined.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Sagewood Apts	04436	336	Rehab	None			
Rosemont at Acme	04447	250	Family				
Costa Valencia	05436	230	Family				
Las Palmas Gardens	07095	100	Rehab				
West End Baptist	07173	50	Rehab				
West Durango Plaza	07198	82	Rehab				
Ingram Square Apts	08200	200	Rehab				
San Juan Square III	09190	32	Family				

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$12,000	$13,700	$15,450	$17,150	$18,500	$19,900
50	$20,000	$22,900	$25,750	$28,600	$30,900	$33,200
60	$24,000	$27,480	$30,900	$34,320	$37,080	$39,840

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	88	10	0	98	1	0	1%
1 BR/50% Rent Limit	34	4	0	38	15	0	39%
1 BR/60% Rent Limit	107	15	0	122	96	0	79%
2 BR/50% Rent Limit	16	1	0	17	8	0	47%
2 BR/60% Rent Limit	40	4	0	44	52	0	118%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30%	68	7	0	75	1	0	1%
1 BR/50%	64	7	0	71	15	0	21%
1 BR/60%	55	7	0	63	96	0	154%
2 BR/50%	36	2	0	38	8	0	21%
2 BR/60%	34	4	0	38	52	0	139%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p. 65					24% 330
Underwriter	22% 12,989	100% 12,989	20% 2,588	34% 868	24% 209
PMA DEMAND from GROWTH					growth
Market Analyst p. 65					37
Underwriter	22% 19	100% 19	20% 4	34% 1	100% 3
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p. 57					10% 304
Underwriter			2,588	66% 1,720	2% 30

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	172	0	0	172	671	26%
Underwriter	172	0	0	172	242	71%

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Supply and Demand Analysis:

The Market Analyst did not identify any unstabilized comparable units in the PMA targeting senior households. Based on total demand for 671 units, and the supply of 172 proposed subject units, the Market Analyst determined an inclusive capture rate of 26%. The underwriting analysis indicates total demand for 242 units, resulting in an inclusive capture rate of 71%. Both results are under the maximum 75% for developments targeting seniors.

It should be noted that the specific demand for 2 bedroom units with rent and income restrictions at 60% of AMI appears to be low. While the underwriting guidelines do not consider individual unit type demand as a feasibility criteria, this is cause for concern as there appears to be minimal demand in the market area for these units.

Primary Market Occupancy Rates:

The overall occupancy reported in the market is 89.9%. (p. 11)

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. An 8% monthly lease-up rate would be as follows (p. 52):

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	14	14	14	14	14	14	14	14	14	14	14	6	160
Note: During months 1-6, the project will be under construction so no units will be occupied.													

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)		Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 650 SF	30%	$257	$246	$600	$246	$354
1 BR 650 SF	50%	$472	$461	$600	$461	$139
1 BR 650 SF	50%	$472	$461	$600	$461	$139
1 BR 650 SF	60%	$579	$568	$600	$568	$32
2 BR 849 SF	50%	$564	$551	$706	$551	$155
2 BR 849 SF	50%	$564	$551	$706	$551	$155
2 BR 849 SF	60%	$693	$680	$706	$680	$26

Market Impact:

Based on the demand in the market area, the market impact for the subject units should be minimal.

Comments:

The market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as estimated by Diamond Property Consultants from the 2009 program gross rent limits. Tenants will be required to pay "all bills". The Applicant contracted Diamond Property Consultants, Inc. (DPC) to evaluate the utility allowance and project the energy efficiency provided by the thermal hot water heaters. DPC applied its estimates to the HUD-approved engineering-based methodology for calculating utility allowances. The results were approved by CPS Energy as required by HUD. While the utility allowances appear reasonable they are based on unproven technology. Any allocation of funding should be conditioned upon a detailed review of the utility allowances based on actual energy usage after the development is placed in service.

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The Applicant’s secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines. The Applicant is using Low HOME rents for 7-one bedroom units and 6-two bedroom units. The Applicants Effective Gross Income is within 5% of the Underwriter's estimates.

Expense: Number of Revisions: 4 Date of Last Applicant Revision: 8/5/2009

The Applicant’s total annual operating expense projection at $3,192 per unit is not within 5% of the Underwriter’s estimate of $2,958, derived the TDHCA database and third-party data sources. The Applicant’s revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: Water, Sewer, and Trash ($22K higher).

Also, Las Varas Public Facility Corporation, the sole member of the GP, will purchase the land and lease it back to the Applicant. This type of lease structure is typical for securing a property tax exemption although due to recent court cases, it is not as assured of providing a tax exemption for the property as it once was. For purposes of this analysis the Underwriter has assumed a 100% exemption due to Las Varas Public Facility Corporation's participation in the ownership structure.

Conclusion:

The Applicant’s effective gross income and net operating income are within 5% of the Underwriter’s estimates; however, the Applicant's annual operating expenses are not within 5% of the Underwriter's. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The annual debt service amounts increase during Year-5 of the 30-Year Proforma due to the repayment of TDHCA HOME & HTF funds in the amount of $48,703 per year. The only funding source requiring debt service during the permanent financing stage is the First Lien lender. The Applicant has projected a debt service amount of $548,137. The Underwriter used the permanent lender's underwriting rate of 6.52% to calculate an annual debt service of $522,880. The proposed permanent financing structure results in an initial year’s debt coverage ratio (DCR) of 1.24, which is within the Department’s DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 8.5009 acres	$445,820	Tax Year:	2009
Existing Buildings:	$0	Valuation by:	Bexar CAD
1 acre:	$52,444		Bexar CAD
Total Assessed Value:	$445,820	Tax Rate:	2.609334

EVIDENCE of PROPERTY CONTROL

Type: Warranty Deed with Settlement Statement Acreage: 8.5014

Contract Expiration: N/A Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $865,139 Other:

Seller: Stephen I. Avery Related to Development Team? [ ] Yes [X] No

Seller: Texas Conference Association of Seventh-Day Adventists Related? [ ] Yes [X] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 4 Date of Last Applicant Revision: 8/5/2009

Acquisition Value:

The site cost of $101,764 per acre or $5,030 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant claimed sitework costs of $16,365 are over the Departments maximum guideline of $9,000 per unit and provided third party certification through a detailed certified cost estimate by a registered architect in order to justify these costs. However, the QAP also requires a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible. Any recommended funding will be subject to receipt, review and acceptance, by cost certification, of such a CPA letter.

Direct Construction Cost:

The Applicant's direct construction cost estimate is $226K or 3% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor fees exceed the 14% maximum allowed by HTC guidelines by a total of $62K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $18,009,975 supports annual tax credits of $807,747. 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

SOURCES & USES Number of Revisions: 6 Date of Last Applicant Revision: 8/20/2009

Source: PNC Multifamily Capital Type: **Interim & Permanent Financing**

Interim:	$9,500,000	Interest Rate:	3.27%	☐	Fixed	Term:	24	months
Permanent:	$7,200,000	Interest Rate:	6.52%	☐	Fixed	Amort:	420	months

Source: NRP Holding, LLC Type: **Private Loan**

Principal: $1,600,000 Interest Rate: 1.0% ☐ Fixed Amort: 420 months

Comments:

NRP Holdings LLC will provide a private loan as needed to fill any gap in financing. According to the Applicant this loan will be repaid out of available cash flow from operations within 12 years after stabilized occupancy. However the commitment letter states that interest will accrue at 1% over 35 years and will be repayable through cash flow. This level of contribution from the development owner at application is extremely rare and may only be made possible through the substitution of requested TCAP funding. In addition to the deferred fees the owner proposes to provide over $4.5M in loans or deferred fees.

Source: TDHCA - HOME Type: **TDHCA Loan**

Principal: $500,000 Interest Rate: 0.0% ☐ Fixed Amort: 420 months

Comments:

Debt service payments are deferred for 5 years.

Source: TDHCA - HTF | Type: **TDHCA Loan**

Principal: $384,000 | Interest Rate: 0.0% | ☐ Fixed | Amort: 420 months

Comments:

Debt service payments are deferred for 5 years.

Source: City of San Antonio - HOME | Type: **Local Government Loan or Grant**

Principal: $1,200,000 | Conditions: TDHCA LIHTC award.

Principal: $1,100,000 | Conditions: TDHCA LIHTC award.

Source: Bexar County HOME | Type: **Local Government Loan or Grant**

Principal: $300,000 | Conditions: TDHCA LIHTC award.

Source: Red Stone - Solar Tax Credits | Proceeds: $108,000

Comments:

The development costs for solar components must be at least $400K to qualify for $120K of solar tax credits which are then syndicated at $0.90 in order to provide $108K in equity as a source.

Source: CPS Energy | Rebate: $223,549

Comments:

This source is the amount of pre-approved rebates provided to the development for the implementation of energy efficient components, i.e. solar hot water heaters.

Source: Impact Fee Waiver from the City of San Antonio | Principal: $113,600

Source: HTC Syndication Proceeds- Red Stone | Type: **Syndication**

Proceeds: $4,650,873 | Syndication Rate: 60% | Anticipated HTC: $ 775,146

Amount: $2,300,212	Type: **Deferred Developer Fees**
Amount: $678,947	Type: **Deferred Contractor Fees**
Amount: $38,128	Type: **GIC Income**
Amount: $274,316	Type: **Interim NOI**

Comments:

The Applicant's sources and uses indicates a total of $312,444 in interest income and interim net operating income. Underwriting guidelines consider this type of income an unreliable source due to the unpredictability of the markets. These funds are considered to be at the Developer's risk, and are therefore added to any deferred developer fee and must be repayable from cash flow.

CONCLUSIONS

Recommended Financing Structure:

The Applicant’s total development cost estimate less the proposed permanent financing totaling $12,729,149 indicates the need for $7,942,476 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,323,747 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	$807,747
Allocation determined by gap in financing:	$1,323,747
Allocation requested by the Applicant:	**$775,146**

This section intentionally left blank.

The allocation amount requested by the Applicant and substantiated by the Underwriter's calculation of the Applicant's adjusted eligible basis is recommended. A tax credit allocation of $775,146 per year for 10 years results in total equity proceeds of $4,650,873 at a syndication rate of $0.60 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for $3,291,603 in additional permanent funds. Deferred developer and contractor fees in this amount do not appear to be repayable from development cashflow within 15 years of stabilized operation. Therefore, pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, the development is not considered financially feasible and cannot be recommended for funding.

Should the Board choose to award financing for the subject, it should be subject to an allocation of tax credits not to exceed $775,146 annually for ten years and conditioned upon the items listed at the beginning of this report.

Underwriter:	*Colton Sanders*	Date:	August 27, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	August 27, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	August 27, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

The Mirabella, San Antonio, 4% HTC/HOME/HTF #09402/08418

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Utilities	N/A
TC 30%	LH/HTF	1	1	1	650	$321	$246	$246	$0.38	$75.20	$0.00
TC 50%	LH/HTF	6	1	1	650	$536	$461	$2,765	$0.71	$75.20	$0.00
TC 50%	HTF	3	1	1	650	$536	$461	$1,382	$0.71	$75.20	$0.00
TC 50%		6	1	1	650	$536	$461	$2,765	$0.71	$75.20	$0.00
TC 60%		96	1	1	650	$643	$568	$54,509	$0.87	$75.20	$0.00
TC 50%	LH/HTF	6	2	2	849	$643	$551	$3,309	$0.65	$91.52	$0.00
TC 50%	HTF	2	2	2	849	$643	$551	$1,103	$0.65	$91.52	$0.00
TC 60%		52	2	2	849	$772	$680	$35,385	$0.80	$91.52	$0.00
TOTAL:		172		AVERAGE:	719		$590	$101,463	$0.82	$80.89	$0.00

INCOME	Total Net Rentable Sq Ft: 123,740		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$1,217,561	$1,241,628	Bexar	San Antonio	9
Secondary Income	Per Unit Per Month:	$15.00	30,960	30,960	$15.00	Per Unit Per Month	
Other Support Income:			0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$1,248,521	$1,272,588			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(93,639)	(95,448)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$1,154,882	$1,177,140			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.77%	$320	0.45	$55,118	$60,200	$0.49	$350	5.11%
Management		5.00%	336	0.47	57,744	58,657	0.47	341	4.98%
Payroll & Payroll Tax		14.15%	950	1.32	163,400	163,400	1.32	950	13.88%
Repairs & Maintenance		6.95%	467	0.65	80,281	90,000	0.73	523	7.65%
Utilities		3.10%	208	0.29	35,791	40,600	0.33	236	3.45%
Water, Sewer, & Trash		1.20%	81	0.11	13,916	36,800	0.30	214	3.13%
Property Insurance		3.24%	218	0.30	37,441	34,400	0.28	200	2.92%
Property Tax	2.61	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		3.72%	250	0.35	43,000	43,000	0.35	250	3.65%
TDHCA Compliance Fees		0.60%	40	0.06	6,880	6,880	0.06	40	0.58%
Other:Supportive Services Contract Fees		1.31%	88	0.12	15,120	15,120	0.12	88	1.28%
TOTAL EXPENSES		44.05%	$2,958	$4.11	$508,691	$549,057	$4.44	$3,192	46.64%
NET OPERATING INC		55.95%	$3,757	$5.22	$646,190	$628,083	$5.08	$3,652	53.36%
DEBT SERVICE									
PNC Multifamily Capital		45.28%	$3,040	$4.23	$522,880	$548,137	$4.43	$3,187	46.57%
TDHCA HOME/HTF (Deferred 3 yrs after comp		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NRP Holding, LLC		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		10.68%	$717	$1.00	$123,311	$79,946	$0.65	$465	6.79%
AGGREGATE DEBT COVERAGE RATIO					1.24	1.15			
RECOMMENDED DEBT COVERAGE RATIO					1.24				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.26%	$5,030	$6.99	$865,139	$865,139	$6.99	$5,030	4.19%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		13.85%	16,365	22.75	2,814,780	2,814,780	22.75	16,365	13.62%
Direct Construction		38.52%	45,522	63.28	7,829,791	8,056,009	65.10	46,837	38.97%
Contingency	3.64%	1.90%	2,250	3.13	387,000	387,000	3.13	2,250	1.87%
Contractor's Fees	14.00%	7.33%	8,664	12.04	1,490,240	1,584,210	12.80	9,211	7.66%
Indirect Construction		9.15%	10,817	15.04	1,860,524	1,860,524	15.04	10,817	9.00%
Ineligible Costs		7.14%	8,437	11.73	1,451,211	1,451,211	11.73	8,437	7.02%
Developer's Fees	15.00%	11.38%	13,443	18.69	2,312,263	2,337,000	18.89	13,587	11.31%
Interim Financing		5.08%	6,004	8.35	1,032,752	1,032,752	8.35	6,004	5.00%
Reserves		1.39%	1,645	2.29	283,000	283,000	2.29	1,645	1.37%
TOTAL COST		100.00%	$118,178	$164.27	$20,326,700	$20,671,625	$167.06	$120,184	100.00%
Construction Cost Recap		61.60%	**$72,801**	**$101.19**	**$12,521,811**	**$12,841,999**	**$103.78**	**$74,663**	62.12%

SOURCES OF FUNDS						RECOMMENDED	
PNC Multifamily Capital	35.42%	$41,860	$58.19	$7,200,000	$7,200,000	$7,200,000	
HOME - TDHCA	2.46%	$2,907	$4.04	500,000	500,000	500,000	12,729,149
Housing Trust Fund - TDHCA	1.89%	$2,233	$3.10	384,000	384,000	384,000	
NRP Holding, LLC	7.87%	$9,302	$12.93	1,600,000	1,600,000	1,600,000	
Solar Tax Credits - Red Stone	0.53%	$628	$0.87	108,000	108,000	108,000	
CPS (Rebate)	1.10%	$1,300	$1.81	223,549	223,549	223,549	
Impact Fee Waiver	0.56%	$660	$0.92	113,600	113,600	113,600	
CoSA HOME	5.90%	$6,977	$9.70	1,200,000	1,200,000	1,200,000	
CoSA HOME	5.41%	$6,395	$8.89	1,100,000	1,100,000	1,100,000	Developer Fee Available
Bexar HOME	1.48%	$1,744	$2.42	300,000	300,000	300,000	$2,337,000
Cash Equity/GIC Income	0.19%	$222	$0.31	38,128	38,128	0	
Interim NOI	1.35%	$1,595	$2.22	274,316	274,316	0	% of Dev. Fee Deferred
HTC Syndication Proceeds- Red Stone	22.88%	$27,040	$37.59	4,650,873	4,650,873	4,650,873	141%
Deferred General Contractor Fees	3.34%	$3,947	$5.49	678,947	678,947	0	
Deferred Developer Fees	11.32%	$13,373	$18.59	2,300,212	2,300,212	3,291,603	
Additional (Excess) Funds Req'd	-1.70%	($2,005)	($2.79)	(344,925)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$20,326,700	$20,671,625	$20,671,625	$2,164,425

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$57.98	$7,174,497
Adjustments				
Exterior Wall Finish	1.12%		$0.65	$80,354
Elderly	3.00%		1.74	215,235
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			1.38	170,190
Floor Cover			2.10	259,792
Breezeways/Balconies	$21.75	14,500	2.55	315,322
Plumbing Fixtures	$835	180	1.21	150,300
Rough-ins	$410	344	1.14	141,040
Built-In Appliances	$1,800	172	2.50	309,600
Solar H2O Heaters	$2,313	172	3.21	397,750
Exterior Stairs	$1,875	17	0.26	31,875
Enclosed Corridors	$48.06	14000	5.44	672,846
Heating/Cooling			3.46	428,140
Elevator	$63,600	3	1.54	190,800
Comm &/or Aux Bldgs	$73.26	3,360	1.99	246,154
Other: fire sprinkler	$2.15	137,740	2.39	296,141
SUBTOTAL			89.54	11,080,036
Current Cost Multiplier	1.01		0.90	110,800
Local Multiplier	0.86		(12.54)	(1,551,205)
TOTAL DIRECT CONSTRUCTION COSTS			$77.90	$9,639,632
Plans, specs, survy, bld prmts	3.90%		($3.04)	($375,946)
Interim Construction Interest	3.38%		(2.63)	(325,338)
Contractor's OH & Profit	11.50%		(8.96)	(1,108,558)
NET DIRECT CONSTRUCTION COSTS			$63.28	$7,829,791

PAYMENT COMPUTATION

Primary	$7,200,000	Amort	420
Int Rate	6.52%	DCR	1.24

Secondary	$884,000	Amort	420
Int Rate	4.27%	Subtotal DCR	1.24

Additional	$1,600,000	Amort	0
Int Rate	1.00%	Aggregate DCR	1.24

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$522,880
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$123,311

Primary	$7,200,000	Amort	420
Int Rate	6.52%	DCR	1.24

Secondary	$884,000	Amort	420
Int Rate	4.27%	Subtotal DCR	1.24

Additional	$1,600,000	Amort	0
Int Rate	1.00%	Aggregate DCR	1.24

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

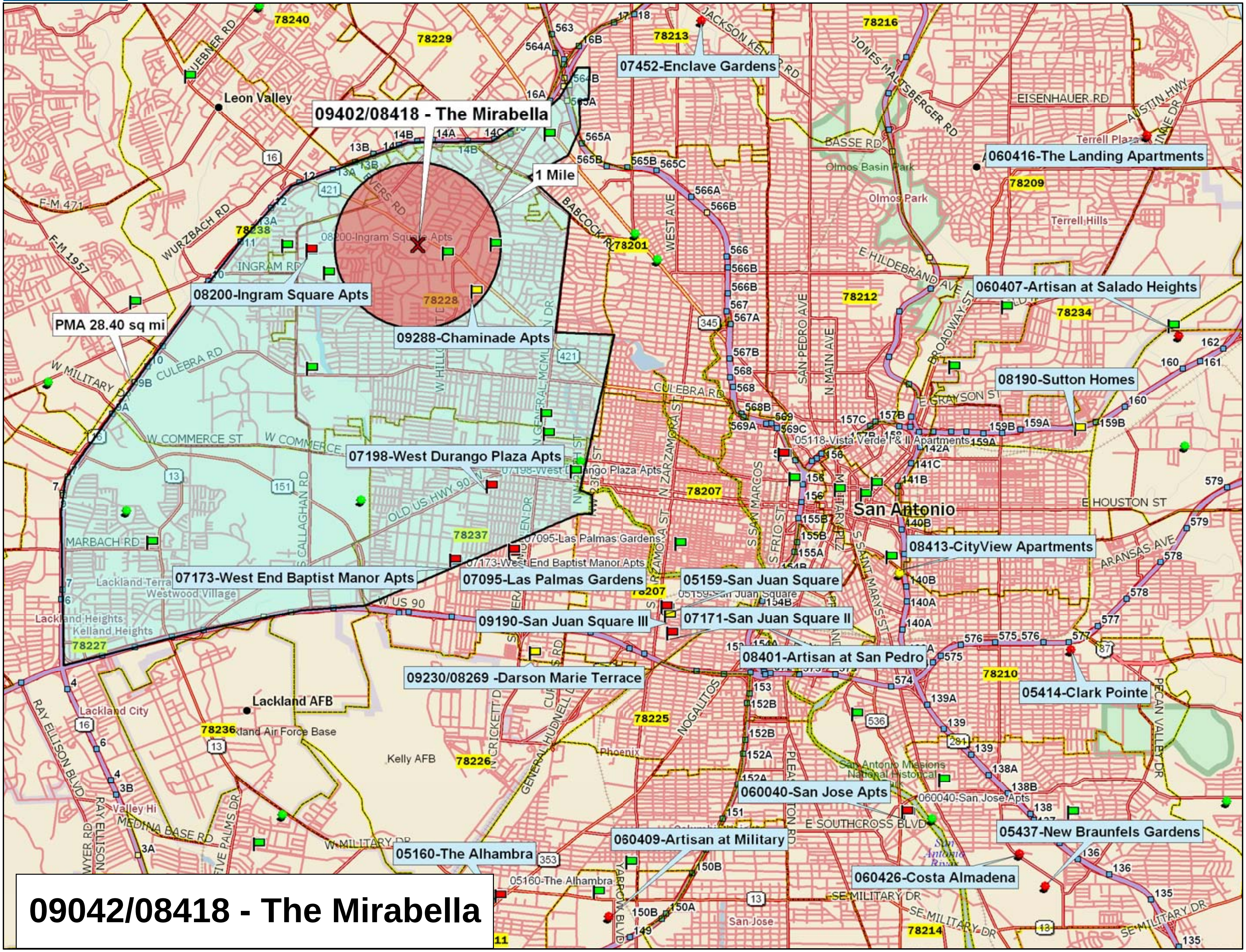
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,217,561	$1,241,912	$1,266,750	$1,292,085	$1,317,927	$1,455,098	$1,606,546	$1,773,756	$2,162,199
Secondary Income	30,960	31,579	32,211	32,855	33,512	37,000	40,851	45,103	54,980
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,248,521	1,273,491	1,298,961	1,324,940	1,351,439	1,492,098	1,647,397	1,818,859	2,217,179
Vacancy & Collection Loss	(93,639)	(95,512)	(97,422)	(99,371)	(101,358)	(111,907)	(123,555)	(136,414)	(166,288)
Employee or Other Non-Rental Units or Cor	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,154,882	$1,177,979	$1,201,539	$1,225,570	$1,250,081	$1,380,191	$1,523,842	$1,682,445	$2,050,891
EXPENSES at 3.00%									
General & Administrative	$55,118	$56,772	$58,475	$60,229	$62,036	$71,917	$83,371	$96,650	$129,890
Management	57,744	58,899	60,077	61,278	62,504	69,010	76,192	84,122	102,545
Payroll & Payroll Tax	163,400	168,302	173,351	178,552	183,908	213,200	247,157	286,523	385,063
Repairs & Maintenance	80,281	82,689	85,170	87,725	90,357	104,748	121,432	140,773	189,187
Utilities	35,791	36,865	37,971	39,110	40,283	46,699	54,137	62,760	84,344
Water, Sewer & Trash	13,916	14,333	14,763	15,206	15,662	18,157	21,049	24,401	32,793
Insurance	37,441	38,565	39,721	40,913	42,141	48,852	56,633	65,654	88,233
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	43,000	44,290	45,619	46,987	48,397	56,105	65,041	75,401	101,332
Other	22,000	22,660	23,340	24,040	24,761	28,705	33,277	38,577	51,844
TOTAL EXPENSES	$508,691	$523,375	$538,487	$554,041	$570,049	$657,393	$758,290	$874,861	$1,165,231
NET OPERATING INCOME	$646,190	$654,605	$663,052	$671,529	$680,032	$722,797	$765,552	$807,584	$885,659
DEBT SERVICE									
First Lien Financing	$522,880	$522,880	$522,880	$522,880	$522,880	$522,880	$522,880	$522,880	$522,880
Second Lien	0	0	0	0	48,703	48,703	48,703	48,703	48,703
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$123,311	$131,725	$140,172	$148,649	$108,449	$151,215	$193,969	$236,001	$314,077
DEBT COVERAGE RATIO	1.24	1.25	1.27	1.28	1.19	1.26	1.34	1.41	1.55

HTC ALLOCATION ANALYSIS -The Mirabella, San Antonio, 4% HTC/HOME/HTF #09402/08418

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$865,139	$865,139		
Purchase of buildings				
Off-Site Improvements				
Sitework	$2,814,780	$2,814,780	$2,814,780	$2,814,780
Construction Hard Costs	$8,056,009	$7,829,791	$8,056,009	$7,829,791
Contractor Fees	$1,584,210	$1,490,240	$1,521,910	$1,490,240
Contingencies	$387,000	$387,000	$387,000	$387,000
Eligible Indirect Fees	$1,860,524	$1,860,524	$1,860,524	$1,860,524
Eligible Financing Fees	$1,032,752	$1,032,752	$1,032,752	$1,032,752
All Ineligible Costs	$1,451,211	$1,451,211		
Developer Fees				
Developer Fees	$2,337,000	$2,312,263	$2,337,000	$2,312,263
Development Reserves	$283,000	$283,000		
TOTAL DEVELOPMENT COSTS	$20,671,625	$20,326,700	$18,009,975	$17,727,350

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$18,009,975	$17,727,350
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$23,412,968	$23,045,555
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$23,412,968	$23,045,555
Applicable Percentage		3.45%	3.45%
TOTAL AMOUNT OF TAX CREDITS		$807,747	$795,072
Syndication Proceeds	**0.6000**	**$4,846,481**	**$4,770,427**

Total Tax Credits (Eligible Basis Method)	**$807,747**	**$795,072**
Syndication Proceeds	**$4,846,481**	**$4,770,427**
Requested Tax Credits	**$775,146**	
Syndication Proceeds	**$4,650,873**	
Gap of Syndication Proceeds Needed	**$7,942,476**	
Total Tax Credits (Gap Method)	**$1,323,747**	



Scale 1 : 100,000

1" = 1.58 mi Data Zoom 11-0

TN MN (5.2°E)

Applicant Evaluation

Project ID 09402 Name **The Mirabella** City:

HTC 9% ☐ HTC 4% ☑ HOME ☑ BOND ☐ HTF ☑ NSP ☐ ESGP ☐ Other ☐

☑ No Previous Participation in Texas ☐ Members of the development team have been disbarred by HUD

Portfolio Management and Compliance

Total # of MF awards monitored: 24

Total # of MF awards not yet monitored or pending review: 19

SF Contract Experience ☐ Yes ☑ No

Total # of SF Contracts: 0

Projects in Material Noncompliance

Yes ☐ **No** ☑

Unresolved Audit Findings Identified w/ Contract(s) ☐

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	
0-9:	16
10-19:	3
20-29:	5

Total monitored with a score 0-29: 24

Completed by: J. Taylor Reviewer: Wendy Quackenbush

Date 8/20/2009 Date 8/24/2009

Single Audit

☑ Single audit review not applicable

☐ Single audit review found no unresolved issues

☐ Late single audit certification form (see comments

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Lucy Trevino Date 8/26/2009

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found ☐ Delinquencies found (see comments)

Reviewer Candace Christiansen Date 8 /24/2009

Comments (if applicable):

Financial Administration
Financial Services

☑ No delinquencies found ☐ Delinquencies found (See Comments)

Reviewer Monica Guerra Date 8 /26/2009

Comments (if applicable):

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion and Possible Issuance of a Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Cevallos Lofts in San Antonio, #09404.

Summary of the Transaction

Background and General Information: The application was received on July 3, 2009. The Issuer for this transaction is San Antonio Housing Finance Corporation with a reservation of allocation that expires on December 13, 2009. The development is new construction and will consist of 252 total units targeting the family population of which 63 units are proposed to be restricted at 50% Area Median Family Income (AMFI) and the remaining 189 units will be market rate. The proposed development will be located in San Antonio, Bexar County and the site is currently zoned for this type of development.

Organizational Structure and Compliance: The Borrower is Cevallos Lofts, Ltd. and the General Partner is Cevallos Lofts GP, LLC, of which the San Antonio Housing Trust Public Facility Corporation (SAHTPFC) has 100% ownership interest. Staff notes that although the Issuer has taken action and approved the creation of the SAHTPFC, they have not yet received approval from the city council to create the entity. This is anticipated to occur at either the September 17, 2009 or October 1, 2009 city council meeting. The Department has received the name reservation of the entity from the Secretary of State; therefore, the to-be-formed entity meets the requirements of the 2009 Qualified Allocation Plan. The Compliance Status Summary completed on August 12, 2009 reveals that the principals of the general partner have received twenty (20) multifamily awards that have been monitored with no material non-compliance.

Census Demographics: The development is to be located at Adjacent Parcels at S. Flores and E. Cevallos in San Antonio. Demographics for the census tract (1501.00) include AMFI of $36,488; the total population is 5658; the percent of population that is minority is 95.76%; the percent of population that is below the poverty line is 30.76%; the number of owner occupied units is 980; the number of renter units is 650 and the number of vacant units is 153. (Census information from FFIEC Geocoding for 2008).

Public Comment: The Department has not received any letters of support or opposition for this Development.

Underwriting Analysis: The Real Estate Analysis division has been working with the developer to attempt to complete the underwriting evaluation but has not been able to successfully resolve many of the issues of concern identified. This development only proposes to include 25% of the units as tax credit units and thus is only seeking 5% ($1.6M) of its funds from the syndication of tax credits. This would be consistent with the tax credit syndicator for such a transaction being 30% of the tax credit portion of the development (30% of 25% or 7.5%). The Applicant is supporting the development with $3.6M in proposed HOME and NSP financing but details of the commitments for this financing were not available. Moreover, the Applicant intends to defer 100% of their developer fee and a large portion of the general contractor fee as well as provide a $3,575,000 related party loan from NRP Holdings, LLC. These sources represent nearly 30% of the development cost and funding of this sort is uncharacteristic of a tax credit development. In addition, the inclusive capture rate exceeds the Department's maximum of 25% for a general population development and therefore not financially feasible pursuant to 10 TAC §1.32(i)(1)(A) of the Real Estate Analysis Rules. The preliminary underwriting does not recommend the approval of a Determination Notice for the development. It should be noted that the Applicant has indicated that they would likely apply for TCAP funds to reduce the related party loan and deferred fee portion of sources of funds but the development would not be eligible to apply for such funds unless they have approval of a Determination Notice for tax credits from the Department by September 30, 2009.

Recommendation

Staff recommends the Board deny the issuance of a Determination Notice of $285,205 in Housing Tax Credits for Cevallos Lofts due to financial feasibility, the inclusive capture rate and other underwriting issues as noted above. Further details on the analysis can be found in the Real Estate Analysis report.

MULTIFAMILY FINANCE PRODUCTION DIVISION
September 3, 2009
Development Information, Public Input and Board Summary
Cevallos Lofts, TDHCA Number 09404

BASIC DEVELOPMENT INFORMATION

Site Address: Adjacent Parcles at S. Flores and E. Cevallos | Development #: 09404

City: San Antonio | Region: 9 | Population Served: General

County: Bexar | Zip Code: 78204 | Allocation: Urban

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General | Purpose/Activity: NC

Bond Issuer: San Antonio Housing Trust Finance Corp

HTF ☐

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:	Cevallos Lofts, Ltd.
Owner Contact and Phone	John Kenny, 2107352772
Developer:	NRP Holdings LLC & San Antonio Housing Trust Public Facility Corp.
Housing General Contractor:	NRP Contractors LLC
Architect:	Alamo Architects, Inc.
Market Analyst:	Apartment Market Data, LLC
Syndicator:	Red Stone Equity Partners
Supportive Services:	N/A
Consultant:	N/A

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	80%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	63	0	189	66	74	112	0	0	0

Type of Building:

- ☐ Duplex
- ☐ Triplex
- ☐ Fourplex
- ☑ 4 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

Total Restricted Units:	63
Market Rate Units:	189
Owner/Employee Units:	0
Total Development Units:	252
Total Development Cost:	$32,438,616
Number of Residential Buildings:	8
HOME High Total Units:	0
HOME Low Total Units:	0

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

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$301,184	$0	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			
HTF Rental Production Funds:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION
September 3, 2009
Development Information, Public Input and Board Summary
Cevallos Lofts, TDHCA Number 09404

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Van De Putte, District 26 NC

TX Representative: Villarreal, District 123 NC

US Representative: González, District 20, NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Julian Castro, Mayor, City of San Antonio - NC

Resolution of Support from Local Government ☐

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

Neighborhood Input:

General Summary of Comment:

The Department has received no public comment from citizens.

CONDITIONS OF COMMITMENT

Not Recommended due to the following:

The inclusive capture rate as recalculated by the Underwriter exceeds the Department's maximum of 25% for family developments and therefore the development is not financially feasible per 10TAC§1.32(i)(1)(A).

For the purposes of this analysis, the Underwriter has characterized the related party cash flow loan as a deferred developer loan; therefore, Pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, the Underwriter has concluded that the development cannot repay the estimated deferred developer fee from cashflow within the first fifteen (15) years of the long term proforma.

Moreover, the level of contribution from the development owner at application is extremely rare and may only be made possible through the substitution of requested TCAP funding. In fact, the Development is not eligible for TCAP funding unless the Determination Notice is approved by September 30, 2009. The Applicant would then have to apply for TCAP funds from the limited amount of funds that remain available for 2009 Applicants in Round 2.

Should the Board waive the above issues and approve this application, such an award should be conditioned upon the following:

An annual tax credit allocation not to exceed $285,205

Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out.

Receipt, review, and acceptance, by cost certification, of documentation from the county appraisal district indicating that the development is eligible for and has secured 100% property tax exemption.

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).”

Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

September 3, 2009

Development Information, Public Input and Board Summary

Cevallos Lofts, TDHCA Number 09404

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

4% Housing Tax Credits:	Credit Amount:	$0
Recommendation:		
TDHCA Bond Issuance:	Bond Amount:	$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0
Recommendation:		
HTF Rental Production Funds:	Loan Amount:	$0
Recommendation:		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/27/09 PROGRAM: 4%/HTC FILE NUMBER: **09404**

DEVELOPMENT

Cevallos Lofts

Location: Adjacent parcels at S. Flores & Cevallos Region: 9

City: San Antonio County: Bexar Zip: 78204 ☑ QCT ☐ DDA

Key Attributes: Family, New Construction, Urban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$301,184			**$0**		

RECOMMENDATION

NOT RECOMMENDED DUE TO THE FOLLOWING:

The inclusive capture rate as recalculated by the Underwriter exceeds the Department's maximum of 25% for family developments and therefore the development is not financially feasible per 10TAC §1.32(i)(1)(A).

For the purposes of this analysis, the Underwriter has characterized the related party cash flow loan as a deferred developer loan; therefore, Pursuant to Section 1.32(i)(2) of the 2009 Real Estate Analysis Rules and Guidelines, the Underwriter has concluded that the development cannot repay the estimated deferred developer fee from cashflow within the first fifteen (15) years of the long term proforma.

Moreover, the level of contribution from the development owner at application is extremely rare and may only be made possible through the substitution of requested TCAP funding. In fact, the Development is not eligible for TCAP funding unless a Determination Notice is approved by September 30, 2009. The Applicant would then have to apply for TCAP funds from the limited amount of funds that remain available for 2009 Applicants in Round 2.

CONDITIONS

1 An annual tax credit allocation not to exceed $285,205.

2 Receipt, review, and acceptance by closing of an executed management contract indicating a management fee of 4%.

3 Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out.

4 Receipt, review, and acceptance, by carryover, of a legal opinion or letter from the county appraisal district and back up documentation indicating that the property is eligible for a 100% property tax exemption and the proposed structure that will allow for such an exemption.

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.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	63

PROS

- The principals of the Applicant have considerable experience and financial resources.

CONS

- The Applicant is proposing in addition to the deferral of 100% of the developer fee and a significant portion of the general contractor fee. In addition, the Applicant has included a related party below market rate loan in the amount of $3,575,000. These sources represent $12M or 34% of the development cost and funding of this magnitude is highly unusual for a tax credit development.

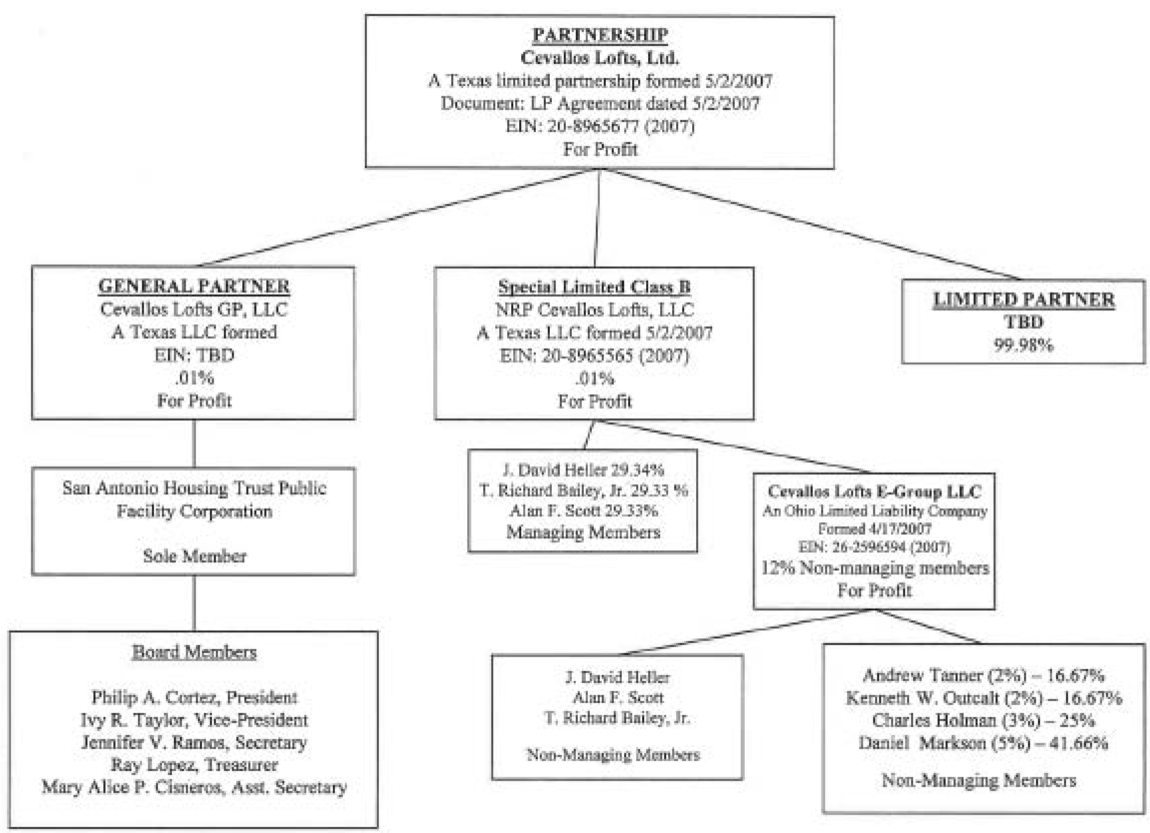
- Multiple Recognized Environmental Concerns were identified in the submitted Environmental Site Assessment.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: John Kenny Phone: (210) 735-2772 Fax: (210) 735-2112

Email: johnk@sahousingtrust.org

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Cevallos Lofts, Ltd	N/A	None Identified
Cevallos LoftsGP, LLC	N/A	None Identified
NRP Cevallos Lofts, LLC	N/A	None Identified
San Antonio Housing Trust Public FC	N/A	None Identified
San Antonio Housing Trust FC	N/A	None Identified
Philip Cortez	CONFIDENTIAL	None Identified
Ivy Taylor	CONFIDENTIAL	None Identified
Jennifer Ramos	CONFIDENTIAL	None Identified
Ray Lopez	CONFIDENTIAL	None Identified
Mary Alice Cisneros	CONFIDENTIAL	None Identified
Cevallos Lofts E-Group LLC	CONFIDENTIAL	None Identified
David Heller	CONFIDENTIAL	21

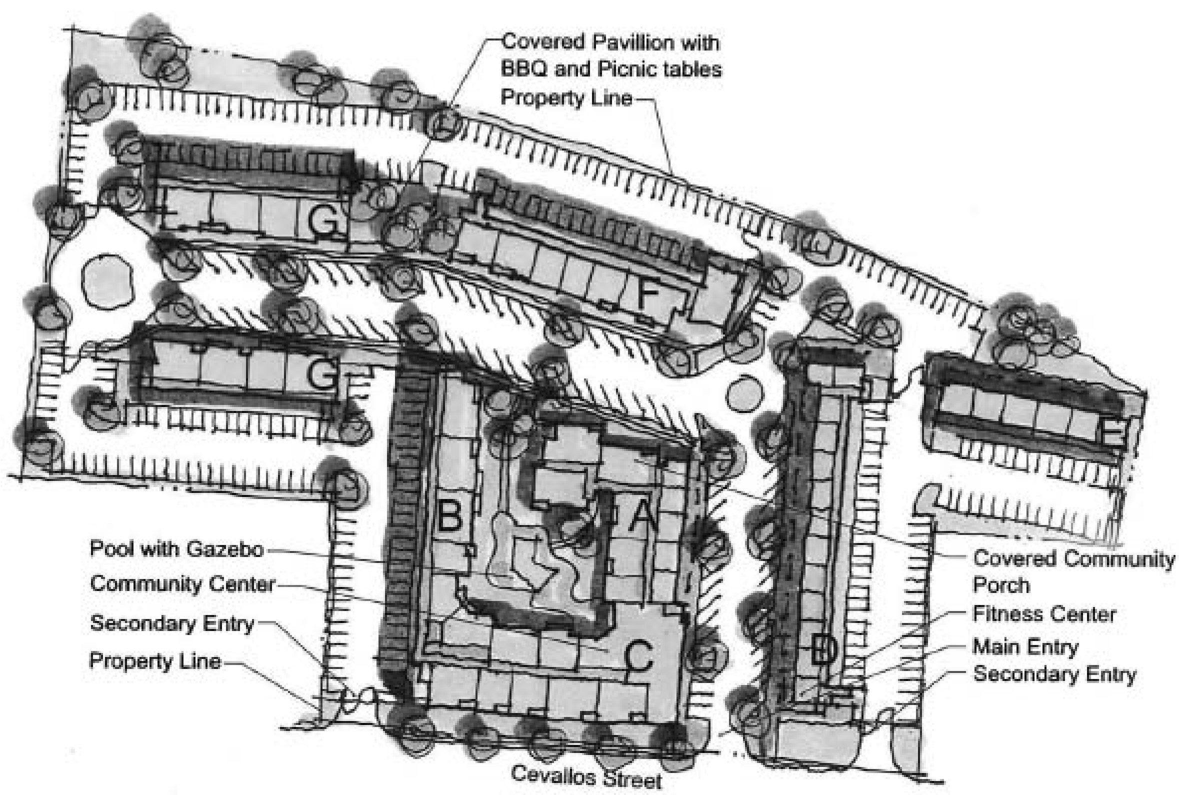
[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F	G				Total Buildings
Floors/Stories	4	4	4	3	3	2	2				
Number	1	1	1	1	1	1	2				**8**

BR/BA	SF	Units										Total Units	Total SF
0/1	600				2	4	1	4				15	9,000
0/1	640					2	3	8				21	13,440
0/1	680	4			10	8	4	2				30	20,400
1/1	700		15		0							15	10,500
1/1	750	6		8			1					15	11,250
1/1	775		8	6								14	10,850
1/1	825		4	4			1	3				15	12,375
1/1	875				8		4					12	10,500
1/1	1,020			3								3	3,060
2/1.5	950	5			13	6						24	22,800
2/2	1,050	4	4	12				3				26	27,300
2/2	1,150	8	8	4				6				32	36,800
2/2	1,200	3	4				2					9	10,800
2/2	1,300	4			6	3	2					15	19,500
2/2	1,400			3	1		2					6	8,400
Units per Building		34	43	40	40	23	20	26				**252**	**226,975**

SITE ISSUES

Total Size: 7.542 acres — Scattered site? ☐ Yes ☑ No

Flood Zone: Zone X — Within 100-yr floodplain? ☐ Yes ☑ No

Zoning: See Comments — Needs to be re-zoned? ☐ Yes ☑ No ☐ N/A

Comments:

The subject property is currently zoned Infill Development Zone (IDZ), which allows for the proposed property.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff — Date: 8/5/2009

Overall Assessment:

☐ Excellent ☑ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: South Alamo St, Southern Pacific Railroad & commercial uses — East: Probrandt St & commercial uses

South: Cevallos St, commercial & residential — West: South Flores and commercial uses

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Raba Kistner Consultants, Inc. — Date: 4/10/2007

Updated: 6/29/2009

Recognized Environmental Concerns (RECs) and Other Concerns:

- The SITE is located approximately 9.0 miles from a major airport (San Antonio International), 6.0 miles from a military airport (Lackland Air Force Base), and adjacent to an active railroad; therefore, a noise analysis must be conducted for the site.

Comments:

"...R-K recommends plugging the former onsite monitoring well by State of Texas licensed water well driller and a noise survey for the SITE."

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 8/20/2008

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 17.6 sq. miles 2.37 mile equivalent radius

For this analysis, we utilized a "primary market area" encompassing 17.98 square miles. These boundaries approximately follow as such: North: West Cypress Street; East: North Pine Street; South: Southcross Street; West: Zarzamora Street." (p.4)

Secondary Market Area (SMA):

"For the capture rate analysis, we also utilized a "secondary market area" encompassing 18.19 square miles. The boundaries of the Secondary Market Area are as follows: North: Hildebrand Avenue; East: Coliseum Road; South: Southcross Boulevard; West: General McMullen Drive." (P.5)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Vista Verde I & II	05118	190		Sutton Homes	08190	194		
San Juan Square	05159	143		Clark Point	05414	252		
San Juan Square II	07171	144						
Artisan at San Pedro	08401	252						
San Juan Sqaure III	09190	32						
City View	08413	52						

San Juan Square, Artisan at San Pedro, and City View are all located within the defined PMA boundaries and provide 332 unstabilized units. The Market Analyst did not include any of the unstabilized units from Sutton Homes or Clark Point located within the secondary market, but these development provide 67 additional unstabilized units.

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	$20,000	$22,900	$25,750	$28,600	$30,900	$33,200

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
0 BR/50%	Included in 1BR Demand Analysis						
1 BR/50%	415	-2		413	37	83	29%
2 BR/50%	136	-4		132	26	199	170%

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OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					turnover
Market Analyst p.	29,069				782
Underwriter	100% 29,070	62% 18,052	16% 2,871	48% 1,391	46% 643
PMA DEMAND from GROWTH					growth
Market Analyst p.					-9
Underwriter	100% #DIV/0!	62% 3	16% 0	48% 0	100% -5
SMA DEMAND from TURNOVER					
Market Analyst p.					370
Underwriter					254
DEMAND from OTHER SOURCES					Section 8
Market Analyst p.					802
Underwriter					125

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	63	284	0	347	1,449	23.90%
Underwriter	63	332	67	462	1,017	45.44%

Supply and Demand Analysis:

The market study provides a general demographic report for the PMA & SMA from MapInfo, as well as a HISTA data report from Ribbon Demographics, which provides a more detailed breakdown of households by income, size, tenure, and age. The market study analysis is based on the HISTA report, and includes all household sizes. The Market Analyst reports demand for 782 units due to household turnover, and demand for -9 units due to household growth. However, it should be noted, it appears that the demand from household turnover may have been overstated, based on the Market Analyst's own data. Specifically, the market study indicates there are 1,524 income qualified renter households in the market area and then applies a 46.2% turnover; however, this equates to only 704 units of demand from turnover, not the 782 that is included in the capture rate calculation.

The market study reports overall demand for 1,449 units, and a total supply of 347 units (63 at the subject, 52 at City View, 116 at Artisan at San Pedro, and 144 at Sam Juan Square II), resulting in an inclusive capture rate of 23.9%.

The traditional underwriting analysis based on the general demographics report calculates demand for 643 units from turnover, and demand for -5 units from household growth. Total demand for 1,017 units, and a total supply of 462 units, indicates a capture rate of 45.44%, which exceeds the maximum rate of 25% for urban developments targeting families.

The Underwriter's independent determination of the inclusive capture rate exceed the Department's 25% and although the Market Analyst was able to calculate an inclusive capture rate below the current Department maximum based on the alternate HISTA data source, the Underwriter was not able to corroborate these results. Furthermore, multiple inconsistencies such as the overstated turnover demand, the inclusion of demand for Section 8 in the secondary market, and the omission of the unstabilized units in the secondary market, is a cause for concern for the Underwriter. The Underwriter's independent determination produces an inclusive capture rate of 45.44%; therefore, the development is characterized as infeasible pursuant to §1.32(i)(1) of the 2008 Real Estate Analysis Rules and Guidelines and cannot be recommended for funding.

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Primary Market Occupancy Rates:

"The overall occupancy reported in the market is 97.0%." (p.13)

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.57)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
0 BR 600 SF MR	$750		$750	$750	$0
0 BR 640 SF 50%	$425	$500	$700	$425	$275
0 BR 640 SF MR	$800		$700	$700	$0
0 BR 680 SF MR	$850		$850	$850	$0
1 BR 700 SF MR	$875		$875	$875	$0
1 BR 750 SF 50%	$445	$536	$755	$445	$310
1 BR 750 SF MR	$938		$755	$755	$0
1 BR 775 SF 50%	$445	$536	$765	$445	$320
1 BR 825 SF MR	$1,031		$1,031	$1,031	$0
1 BR 875 SF MR	$1,094		$1,094	$1,094	$0
1 BR 1,020 SF MR	$1,275		$1,275	$1,275	$0
2 BR 950 SF MR	$1,188		$1,188	$1,188	$0
2 BR 1,050 SF MR	$1,313		$1,313	$1,313	$0
2 BR 1,150 SF 50%	$531	$643	$1,315	$531	$784
2 BR 1,150 SF MR	$1,438		$1,438	$1,438	$0
2 BR 1,200 SF MR	$1,500		$1,500	$1,500	$0
2 BR 1,300 SF MR	$1,625		$1,625	$1,625	$0
2 BR 1,400 SF MR	$1,750		$1,750	$1,750	$0

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable units are currently 96.7% occupied. This demonstrates that the demand for new affordable rental housing is high." (p.63)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 7/31/2009

The Underwriter utilized the lesser of the Market Analyst’s market rent conclusion or the rents calculated by subtracting tenant-paid utility allowances as of November 1, 2007, maintained by the San Antonio Housing Authority, from the 2009 program gross rent limits. Tenants will be required to pay electric, water and sewer utility costs. It should be noted, in a letter dated August 20, 2009, the Market Analyst states, "The market study prepared for the TDHCA looked specifically to compare the 'affordable' rents to the blended average of the four rent comparables. This did not truly reflect the top of the downtown rental market we believe Cevallos Street Apartments will be renting its market rate unit to...Early on, we consulted with the NRP Group about their proforma rents. We suggested that Cevallos should be able to charge similar rents in the marketplace. Given this information, we believe that the market rents submitted in their application to the TDCHA are comparable to rents we already see being charged in the marketplace."

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Therefore, the Underwriter utilized the market rent estimates indicated in the submitted application for the market rate units.

The Applicant's vacancy and collection loss assumptions at 8% are slightly above current TDHCA underwriting guidelines. The Underwriter utilized the standard 7.5% vacancy rate. Moreover, the Applicant included an additional $64.56 per unit over the $15 guideline. The Applicant indicated that the bulk of this additional revenue would be from garage, storage and premium unit rental income but provided limited support that these additional amounts are achievable in this market. Moreover, the market study provided no support for such additional income.

Expense: Number of Revisions: 2 Date of Last Applicant Revision: 8/21/2009

The Applicant's total revised annual operating expense projection at $3,652 per unit is not within 5% of the Underwriter's estimate of $3,178, derived from the TDHCA database, and third-party data sources. The Applicant's revised budget shows several line item estimates that deviate significantly when compared to the database averages, specifically: General & Administrative ($31K higher), and Payroll and Payroll Tax ($37K higher). It should also be noted that the Applicant has included reserve for replacements of $300 per unit. The Underwriter has utilized the Department standard of $250 per unit for new construction development. Finally, the Applicant's revised expenses overstate the required TDHCA compliance fee for the affordable units.

The Applicant's information appears to suggest that the property will achieve a property tax exemption due to the San Antonio Housing Trust Public Facility Corporation's (SAHTPFC) ownership of the GP. However, staff's experience with such transactions suggests that this alone is not sufficient to reasonably assume a 100% exemption. Typically, a lease structure can be used in order to secure an exemption. Subsequent to a request for additional information, the Applicant indicated, "SAHTPFC will own the land and enter into a long term ground lease with the Cevallos Loft, Ltd." The Applicant provide a sample legal opinion for The Mirabella, explaining how the Property will qualify for an exemption as a result of the SAHTPFC's ownership of the Project, and indicated that a tax opinion for the Subject would be provided at closing.

Of note, if the property were to secure a 50% exemption or no exemption at all, the impact on the NOI would not warrant adjustment to the finance structure in order to maintain minimum feasibility. Based on the Underwriter's analysis of these two scenarios, the development appears to remain financially feasible. The Underwriter's analysis assumes the development will have no property tax expense as reflected in the application. However, this report is conditioned upon receipt, review and acceptance, by Cost Certification, of an executed lease agreement between the Applicant and the Bastrop Housing Authority. Additionally, receipt, review and acceptance, by Cost Certification, of documentation from the local taxing authorities reflecting a property tax exemption will also be a condition of this report.

Conclusion:

The Applicant's net operating income is not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.21, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	9.82 acres	$2,566,180	Tax Year:	2008
Existing Buildings:		$447,480	Valuation by:	Bexar CAD
1 acre:		$261,362	Tax Rate:	2.556534
Total Prorata:	7.54 acres	$1,971,190		

EVIDENCE of PROPERTY CONTROL

Type: Warranty Deed w/ Vendor's Lien & Settlement Statement Acreage: 11.52

Contract Expiration: N/A Valid Through Board Date? ☑ Yes ☐ No

Acquisition Cost: $5,700,000 Other:

Seller: C.A.N. Industries, Inc. Related to Development Team? ☐ Yes ☑ No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 7/31/2009

Acquisition Value:

The Applicant has provided a Warranty Deed with Vendor's Lien and a Settlement Statement indicating a purchase price of $5.7M for a larger 11.52 acre tract, which equates to $495K per acre or $23K per unit. The Applicant is the current owner of the Subject property and has owned the land since May of 2007. The Underwriter has included a prorated value for the Subject 7.542 acres and the Applicant has provided documentation of holding costs and property taxes since the purchase which substantiate the $3.8M acquisition price included in the cost schedule.

Off-Site Cost:

The Applicant claimed off-site costs of $700K for **demolition**, hazardous waste remediation, public bus stops & off-site electrical, and provided sufficient third party certification through an architect to justify these costs.

Sitework Cost:

The Applicant claimed sitework costs over the Departments maximum guideline of $9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by an architect to justify these costs. In addition, these costs have been reviewed by the Applicant’s CPA, Novogradac & Company, to preliminarily opine that entire $2.6M will be considered eligible. The CPA has indicated that this opinion of eligibility has taken into account the effect of the recent IRS Technical Advisory.

Direct Construction Cost:

The Applicant’s direct construction cost estimate is $2.5M or 20% higher than the Underwriter’s Marshall & Swift Residential Cost Handbook-derived estimate.

The Underwriter discussed these differences with the Applicant, but did not receive sufficient documentation to support the higher costs and was unable to reconcile them.

Contingency & Fees:

The Applicant’s contractor’s and developer’s fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant’s total development cost is not within 5% of the Underwriter’s estimate; therefore, the Underwriter’s cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $25,347,164 supports annual tax credits of $279,501. 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

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 7/31/2009

Source: City of San Antonio HOME & NSP Type: **Permanent Financing**

NSP: $2,100,000 Interest Rate: 1.0% ☐ Fixed Amort: 420 months

HOME: $1,500,000 Interest Rate: 0.0% ☐ Fixed Amort: 420 months

Comments:

The Applicant indicates an intent to apply for the $1.5M in local HOME funds, and have made application for the $2.1M in NSP funds. The application indicates a request for NSP funds amortized over 35 years at a 1% interest rate. Moreover, information presented in the application appears to indicate that the HOME funds will be amortized over 35 years at a 0% interest rate; however, the Applicant has not included any debt service associated with either funding source, and it appears the intention is to have these sources structured as soft loans repayable out of available cashflow. It should be noted that if both the NSP & HOME debt were amortized over 35 years at a 1% and 0% interest rates respectively, the additional debt service would decrease the DCR to a 1.13.

Also of note, since these are federal funding sources, it is important that the loans be repaid; federal funding that is forgiven or granted should be excluded from eligible basis for LIHTC purposes.

Source: NRP Holdings, LLC Type: **Permanent Financing**

Principal: $3,575,000 Interest Rate: N/A ☐ Fixed Amort: N/A months

Comments:

NRP Holdings, LLC will provide a private loan as needed to fill any gaps in financing. The principal amount is anticipated to fill the gap in financing. It appears that this loan will be repaid out of available cash flow from operations.

Issuer: San Antonio Housing Trust FC

Source: PNC Multifamily Capital Type: **Interim to Permanent Bond Financing**

Tax-Exempt: $21,850,000 Interest Rate: 6.54% ☐ Fixed Amort: 420 months

Comments:

The mortgage rate will be based on the actual SWAP rate that is obtained from a Freddie Mac approved SWAP provider. The Underwriting interest rate includes PNC's estimate of 3.65% for the SWAP rate. The total underwriting interest rate is estimated at 6.54%.

Source: Red Stone Equity Partners Type: **Syndication**

Proceeds: $1,843,664 Syndication Rate: 60% Anticipated HTC: $ 307,277

Amount: $4,764,659 Type: **Deferred Developer & Contractor Fees**

Amount: $97,926 Type: **Income During Construction**

Amount: $75,517 Type: **GIC**

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CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the permanent loan of $21,850,000 indicates the need for $10,585,606 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,764,266 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($301,184), the gap-driven amount ($1,764,266), and eligible basis-derived estimate ($285,205), the eligible basis-derived estimate of $285,205 would be recommended resulting in proceeds of $1,711,234 based on a syndication rate of 60%.

The Underwriter's recommended financing structure indicates the need for $8,874,372 in additional permanent funds. Deferred developer and contractor fees in this amount do not appear to be repayable from development cashflow within 15 years of stabilized operation. Therefore, the development must be characterized as infeasible and cannot be recommended for funding.

Underwriter:	*Diamond Unique Thompson*	Date:	August 27, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	August 27, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Cevallos Lofts, San Antonio, 4%/HTC #09404

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
MR	15	0	1	600		$750	$11,250	$1.25	$74.85	$11.70
TC 50%	17	0	1	640	$500	$425	$7,228	$0.66	$74.85	$11.70
MR	4	0	1	640		$700	$2,800	$1.09	$74.85	$11.70
MR	30	0	1	680		$850	$25,500	$1.25	$74.85	$11.70
MR	15	1	1	700		$875	$13,125	$1.25	$90.78	$11.70
TC 50%	6	1	1	750	$536	$445	$2,671	$0.59	$90.78	$11.70
MR	9	1	1	750		$755	$6,795	$1.01	$90.78	$11.70
TC 50%	14	1	1	775	$536	$445	$6,233	$0.57	$90.78	$11.70
MR	15	1	1	825		$1,031	$15,465	$1.25	$90.78	$11.70
MR	12	1	1	875		$1,094	$13,128	$1.25	$90.78	$11.70
MR	3	1	1	1,020		$1,275	$3,825	$1.25	$90.78	$11.70
MR	24	2	1.5	950		$1,188	$28,512	$1.25	$111.61	$11.70
MR	26	2	2	1,050		$1,313	$34,138	$1.25	$111.61	$11.70
TC 50%	26	2	2	1,150	$643	$531	$13,816	$0.46	$111.61	$11.70
MR	6	2	2	1,150		$1,438	$8,628	$1.25	$111.61	$11.70
MR	9	2	2	1,200		$1,500	$13,500	$1.25	$111.61	$11.70
MR	15	2	2	1,300		$1,625	$24,375	$1.25	$111.61	$11.70
MR	6	2	2	1,400		$1,750	$10,500	$1.25	$111.61	$11.70
TOTAL:	252		**AVERAGE:**	901		$958	$241,489	$1.06	$95.87	$11.70

INCOME	Total Net Rentable Sq Ft: 226,975		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$2,897,869	$2,922,228	Bexar	San Antonio	9
Secondary Income	Per Unit Per Month:	$15.00	45,360	75,000	$24.80	Per Unit Per Month	
Other Support Income: Premium Units, garages & storage			0	165,600	$54.76	Per Unit Per Month	
POTENTIAL GROSS INCOME			$2,943,229	$3,162,828			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(220,742)	(253,020)	-8.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0				
EFFECTIVE GROSS INCOME			$2,722,487	$2,909,808			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.05%	$330	0.37	$83,065	$113,670	$0.50	$451	3.91%
Management		4.00%	432	0.48	108,899	116,390	0.51	462	4.00%
Payroll & Payroll Tax		10.32%	1,115	1.24	280,980	260,000	1.15	1,032	8.94%
Repairs & Maintenance		6.27%	678	0.75	170,784	186,500	0.82	740	6.41%
Utilities		2.15%	232	0.26	58,585	50,000	0.22	198	1.72%
Water, Sewer, & Trash		1.48%	160	0.18	40,238	30,000	0.13	119	1.03%
Property Insurance		2.24%	242	0.27	61,105	78,000	0.34	310	2.68%
Property Tax	2.556534	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		2.31%	250	0.28	63,000	75,600	0.33	300	2.60%
TDHCA Compliance Fees		0.09%	10	0.01	2,520	10,080	0.04	40	0.35%
Other:		0.00%	0	0.00	0		0.00	0	0.00%
TOTAL EXPENSES		31.93%	$3,449	$3.83	$869,177	$920,240	$4.05	$3,652	31.63%
NET OPERATING INC		68.07%	$7,354	$8.17	$1,853,310	$1,989,568	$8.77	$7,895	68.37%
DEBT SERVICE									
PNC Multifamily Capital		58.45%	$6,315	$7.01	$1,591,302	$1,591,302	$7.01	$6,315	54.69%
GIC		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		9.62%	$1,040	$1.15	$262,008	$398,266	$1.75	$1,580	13.69%
AGGREGATE DEBT COVERAGE RATIO					1.16	1.25			
RECOMMENDED DEBT COVERAGE RATIO					1.16				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		11.71%	$15,079	$16.74	$3,800,000	$3,800,000	$16.74	$15,079	10.66%
Off-Sites		2.16%	2,778	3.08	700,000	700,000	3.08	2,778	1.96%
Sitework		8.02%	10,317	11.46	2,600,000	2,600,000	11.46	10,317	7.29%
Direct Construction		38.89%	50,065	55.58	12,616,364	15,084,211	66.46	59,858	42.31%
Contingency	3.97%	1.86%	2,400	2.66	604,800	604,800	2.66	2,400	1.70%
Contractor's Fees	14.00%	6.57%	8,454	9.39	2,130,291	2,475,790	10.91	9,825	6.95%
Indirect Construction		9.36%	12,054	13.38	3,037,505	3,037,505	13.38	12,054	8.52%
Ineligible Costs		6.81%	8,772	9.74	2,210,442	2,210,442	9.74	8,772	6.20%
Developer's Fees	15.00%	10.19%	13,120	14.57	3,306,152	3,705,000	16.32	14,702	10.39%
Interim Financing		3.24%	4,175	4.64	1,052,052	1,052,052	4.64	4,175	2.95%
Reserves		1.17%	1,512	1.68	381,010	378,000	1.67	1,500	1.06%
TOTAL COST		100.00%	$128,725	$142.92	$32,438,616	$35,647,800	$157.06	$141,460	100.00%
Construction Cost Recap		*55.34%*	**$71,236**	**$79.09**	***$17,951,455***	***$20,764,801***	**$91.48**	**$82,400**	*58.25%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
PNC Multifamily Capital	67.36%	$86,706	$96.27	$21,850,000	$21,850,000	$21,850,000	Developer Fee Available
City of San Antonio HOME & NSP	11.10%	$14,286	$15.86	$3,600,000	$3,600,000		
NRP Holdings, LLC	11.02%	$14,187	$15.75	$3,575,000	$3,575,000	$3,575,000	
Income During Construction	0.30%	$389	$0.43	$97,926	$97,926		
GIC	0.23%	$300	$0.33	75,517	75,517		$3,705,000
Red Stone Equity Partners	5.68%	$7,316	$8.12	1,843,664	1,806,743	1,711,234	% of Dev. Fee Deferred
Deferred Developer & Contractor Fe	14.69%	$18,907	$20.99	4,764,659	4,764,659	5,302,382	143%
Additional (Excess) Funds Req'd	-10.38%	($13,366)	($14.84)	(3,368,150)	(122,045)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$32,438,616	$35,647,800	$32,438,616	$7,032,503

Cevallos Lofts, San Antonio, 4%/HTC #09404

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.71	$12,645,239
Adjustments				
Exterior Wall Finish	2.40%		$1.34	$303,486
Elderly			0.00	0
9-Ft. Ceilings	3.30%		1.84	417,293
Roofing			0.00	0
Subfloor			1.31	298,094
Floor Cover			2.38	540,201
Breezeways/Balconies	$22.95	57,229	5.79	1,313,406
Plumbing Fixtures	$835	312	1.15	260,520
Rough-ins	$410	504	0.91	206,640
Built-In Appliances	$1,800	252	2.00	453,600
Exterior Stairs	$1,875	33	0.27	61,875
Interior Stairs	$1,575	24	0.17	37,800
Heating/Cooling			1.83	415,364
Elevator	$45,100	1	0.20	45,100
Comm &/or Aux Bldgs	$70.13	5,233	1.62	366,964
Other: fire sprinkler	$2.15	226,975	2.15	487,996
SUBTOTAL			78.66	17,853,577
Current Cost Multiplier	1.01		0.79	178,536
Local Multiplier	0.86		(11.01)	(2,499,501)
TOTAL DIRECT CONSTRUCTION COSTS			$68.43	$15,532,612
Plans, specs, survy, bld prm	3.90%		($2.67)	($605,772)
Interim Construction Interes	3.38%		(2.31)	(524,226)
Contractor's OH & Profit	11.50%		(7.87)	(1,786,250)
NET DIRECT CONSTRUCTION COSTS			$55.58	$12,616,364

PAYMENT COMPUTATION

Primary	$21,850,000	Amort	420
Int Rate	6.54%	DCR	1.16

Secondary	$3,575,000	Amort	
Int Rate		Subtotal DCR	1.16

Additional	$1,806,743	Amort	
Int Rate		Aggregate DCR	1.16

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$1,591,302
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$262,008

Primary	$21,850,000	Amort	420
Int Rate	6.54%	DCR	1.16

Secondary	$3,575,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.16

Additional	$1,806,743	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

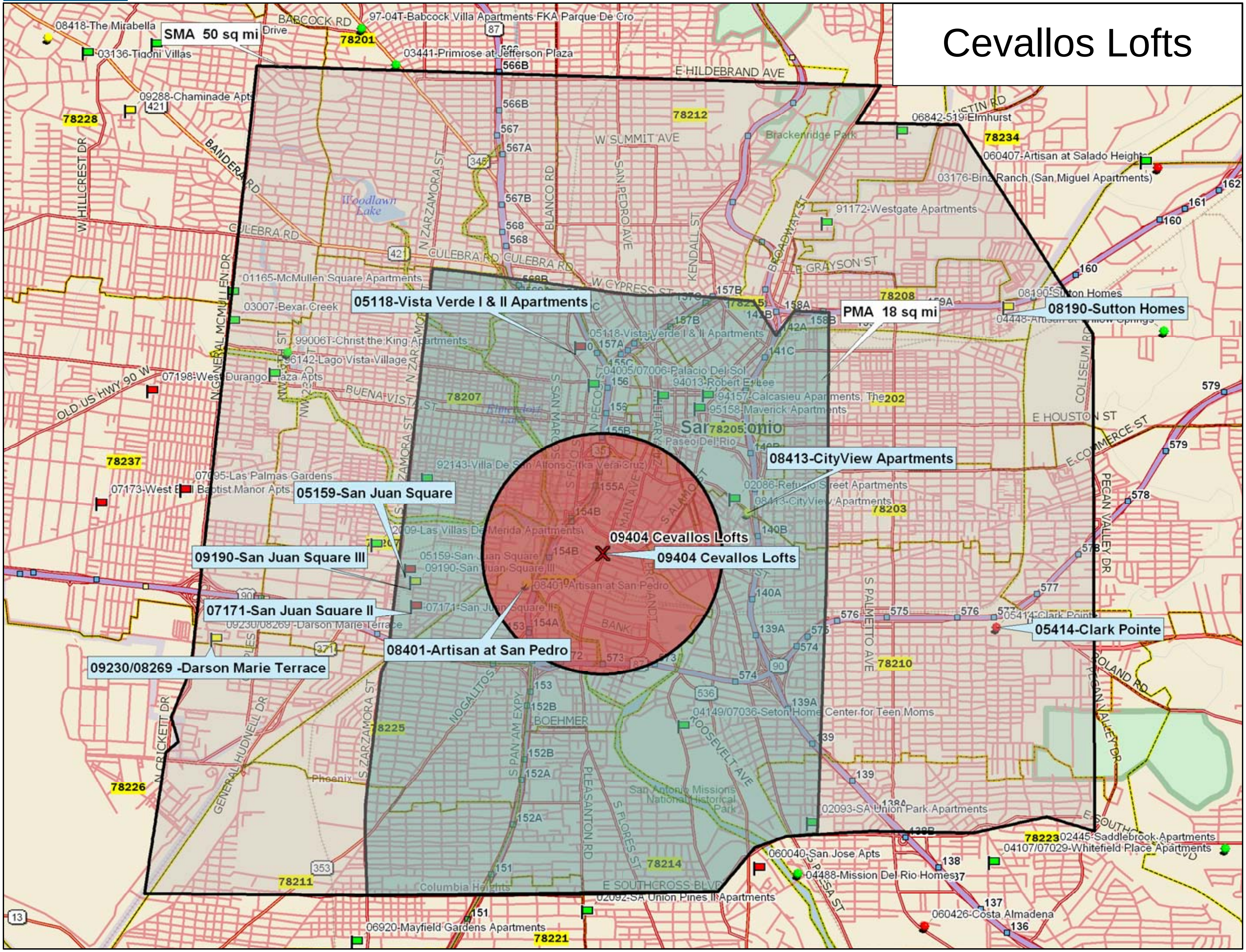
INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,897,869	$2,955,826	$3,014,943	$3,075,242	$3,136,747	$3,463,222	$3,823,677	$4,221,648	$5,146,165
Secondary Income	45,360	46,267	47,193	48,136	49,099	54,209	59,852	66,081	80,552
Other Support Income: Premiu	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,943,229	3,002,094	3,062,136	3,123,378	3,185,846	3,517,431	3,883,528	4,287,729	5,226,718
Vacancy & Collection Loss	(220,742)	(225,157)	(229,660)	(234,253)	(238,938)	(263,807)	(291,265)	(321,580)	(392,004)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,722,487	$2,776,937	$2,832,475	$2,889,125	$2,946,907	$3,253,624	$3,592,264	$3,966,149	$4,834,714
EXPENSES at 3.00%									
General & Administrative	$83,065	$85,557	$88,124	$90,767	$93,490	$108,381	$125,643	$145,655	$195,748
Management	108,899	111,077	113,299	115,565	117,876	130,145	143,691	158,646	193,389
Payroll & Payroll Tax	280,980	289,409	298,092	307,034	316,245	366,615	425,007	492,700	662,148
Repairs & Maintenance	170,784	175,908	181,185	186,621	192,219	222,835	258,327	299,472	402,465
Utilities	58,585	60,342	62,153	64,017	65,938	76,440	88,615	102,729	138,059
Water, Sewer & Trash	40,238	41,445	42,689	43,970	45,289	52,502	60,864	70,558	94,824
Insurance	61,105	62,938	64,826	66,771	68,774	79,728	92,426	107,147	143,997
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	63,000	64,890	66,837	68,842	70,907	82,201	95,293	110,471	148,464
Other	2,520	2,596	2,673	2,754	2,836	3,288	3,812	4,419	5,939
TOTAL EXPENSES	$869,177	$894,163	$919,877	$946,341	$973,575	$1,122,134	$1,293,678	$1,491,797	$1,985,032
NET OPERATING INCOME	$1,853,310	$1,882,774	$1,912,598	$1,942,784	$1,973,332	$2,131,489	$2,298,585	$2,474,352	$2,849,682
DEBT SERVICE									
First Lien Financing	$1,591,302	$1,591,302	$1,591,302	$1,591,302	$1,591,302	$1,591,302	$1,591,302	$1,591,302	$1,591,302
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	$262,008	$291,471	$321,296	$351,482	$382,030	$540,187	$707,283	$883,050	$1,258,380
DEBT COVERAGE RATIO	1.16	1.18	1.20	1.22	1.24	1.34	1.44	1.55	1.79

HTC ALLOCATION ANALYSIS -Cevallos Lofts, San Antonio, 4%/HTC #09404

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$3,800,000	$3,800,000		
Purchase of buildings				
Off-Site Improvements	$700,000	$700,000		
Sitework	$2,600,000	$2,600,000	$2,600,000	$2,600,000
Construction Hard Costs	$15,084,211	$12,616,364	$15,084,211	$12,616,364
Contractor Fees	$2,475,790	$2,130,291	$2,475,790	$2,130,291
Contingencies	$604,800	$604,800	$604,800	$604,800
Eligible Indirect Fees	$3,037,505	$3,037,505	$3,037,505	$3,037,505
Eligible Financing Fees	$1,052,052	$1,052,052	$1,052,052	$1,052,052
All Ineligible Costs	$2,210,442	$2,210,442		
Developer Fees				
Developer Fees	$3,705,000	$3,306,152	$3,705,000	$3,306,152
TOTAL DEVELOPMENT COSTS	$35,647,800	$32,438,616	$28,559,358	$25,347,164

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		$28,559,358	$25,347,164
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$37,127,165	$32,951,313
Applicable Fraction		25%	25%
TOTAL QUALIFIED BASIS		$9,181,398	$8,148,727
Applicable Percentage		3.50%	3.50%
TOTAL AMOUNT OF TAX CREDITS		$321,349	$285,205
Syndication Proceeds	**0.6000**	**$1,928,096**	**$1,711,234**
Total Tax Credits (Eligible Basis Method)		**$321,349**	**$285,205**
Syndication Proceeds		**$1,928,096**	**$1,711,234**
Requested Tax Credits		**$301,184**	
Syndication Proceeds		**$1,807,106**	
Gap of Syndication Proceeds Needed			**$7,013,616**
Total Tax Credits (Gap Method)			**$1,168,935**

Cevallos Lofts



TN
MN (5.2°E)

Scale 1 : 68,750
1" = 1.09 mi
Data Zoom 11-5

Applicant Evaluation

Project ID **09404** Name **Cevallos Lofts** City:

HTC 9% ☐ HTC 4% ☑ HOME ☐ BOND ☐ HTF ☐ NSP ☐ ESGP ☐ Other ☐

☐ No Previous Participation in Texas ☐ Members of the development team have been disbarred by HUD

Portfolio Management and Compliance

Total # of MF awards monitored: 20

Total # of MF awards not yet monitored or pending review: 14

SF Contract Experience ☐ Yes ☑ No

Total # of SF Contracts: 0

Projects in Material Noncompliance

Yes ☐ **No** ☑

Unresolved Audit Findings Identified w/ Contract(s) ☐

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score		
	0-9:	13
	10-19:	3
	20-29:	4

Total monitored with a score 0-29: 20

Completed by: J. Taylor Reviewer: Patricia Murphy

Date 8/10/2009 Date 8/12/2009

Single Audit

☑ Single audit review not applicable

☐ Single audit review found no unresolved issues

☐ Late single audit certification form (see comments

☐ Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos Date 8/14/2009

Comments (if applicable):

Financial Administration
Loan Servicing

☑ No delinquencies found ☐ Delinquencies found (see comments)

Reviewer Candace Christiansen Date 8 /17/2009

Comments (if applicable):

Financial Administration
Financial Services

☑ No delinquencies found ☐ Delinquencies found (See Comments)

Reviewer Monica Guerra Date 8 /20/2009

Comments (if applicable):

To Be Posted
three days
prior to the meeting

To Be Posted
three days
prior to the meeting

HOME PROGRAM DIVISION
BOARD ACTION REQUEST
September 3, 2009

Action Item

Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations.

Requested Action

Approve, Deny, or Approve with Amendments the HOME Program Award Recommendations.

Background

Awards for contracts from the 2008 and 2009 Rental Housing Development Notices of Funding Availability (NOFAs) are combined in this one action item.

RENTAL HOUSING DEVELOPMENT PROGRAM

On July 16, 2009 the TDHCA Board approved the 2009 Rental Housing Development (RHD) Notice of Funding Availability (NOFA) that set aside $18,090,030 for new construction, rehabilitation, and acquisition and rehabilitation of affordable rental housing. This included $5,590,030 in 2009 funds for the CHDO set aside, $1,000,000 in 2009 funds for the persons with disabilities set-aside, and $5,000,000 in 2009 funds for the General set-aside. The CHDO and General set-aside funds were subject to the regional allocation as required by §2306.111(d) until August 31, 2009. Additionally, the Board's approval included $6,500,000 in funds from the Department's balance of deobligated and available HOME funds.

At the July 30, 2009 Board meeting, the Board approved HOME awards for $12,275,128 in General set-aside applications. Due to the 2009 funding being subject to regional allocation, coupled with the relatively large funding requests, staff could not recommend use of the $5,000,000 in 2009 General set-aside HOME funds at that time. The Board used the $6,500,000 in deobligated funds that had been transferred to the NOFA at the July 16, 2009 meeting and due to the significant oversubscription for funds, the Board utilized an additional $5,775,128 funds from the available and deobligated balance of HOME funds to award deeper down the priority list of pending applications, as allowed in 10 TAC §1.19(e)(2)(E). A total of six General set-aside applications and one CHDO application were awarded on July 30, 2009.

Nineteen applications totaling $29,701,696 remain pending under the General set-aside. Many of these applications were approved for 2009 9% Housing Tax Credit awards at the July 30, 2009 meeting, subject to an award of HOME funds. Today, staff is recommending the remaining $5,000,000 in General set-aside HOME funds be awarded to five of these pending applications. In addition, staff recommends using $267,237 from the Department's current available and deobligated balance of HOME funds to fully fund the $5,267,237 in funds requested in the four recommended applications. The current available balance of deobligated funds is $3,717,629, which will leave a balance of $3,450,392 for possible reprogramming at a future date or use for disaster applications should the need arise. It should be noted that the $5,000,000 in remaining General set-aside funds are subject to the Regional Allocation Formula (RAF) until August 31, 2009. Therefore, if any applications that can be funded through the RAF are received between the posting of the Board book and August 31, 2009, these applications will take priority to those being recommended in this item and the subject recommendations may need to be tabled until a review of newly received applications can be completed.

All four applications have completed the three review stages, including an evaluation by the Real Estate Analysis Division. Additionally, the compliance history for each ownership and development team has been reviewed and no Material Noncompliance or outstanding issues of noncompliance were identified.

In addition to the four recommended applications, one application is not being recommended due to a failure to meet the feasibility criteria in the Real Estate Analysis Rules and Guidelines (10 TAC §1.32). This application is pending an underwriting appeal and is on today's agenda under a separate action item. Should the Board choose to approve this award, staff recommends using an additional $1,050,000 in funds from the deobligated and available balance of HOME funds to award this final application. This would leave $2,400,392 in the deobligated fund balance.

If the five recommended applications are approved, fourteen applications will remain under the General set-aside. While no funding will remain available to award to these applications under the 2009 HOME RHD NOFA General set-aside, several of these applicants have submitted TCAP applications or Intents to Exchange their tax credit awards. Additionally, $5,527,136 CHDO funds and $1,000,000 in funds for units serving persons with disabilities will remain available in the 2009 HOME RHD NOFA for qualified applications.

Attached:

- 2009 HOME Rental Housing Development - Award Recommendations; and
- 2009 HOME Rental Housing Development - Application Log.

Recommendation

Staff recommends that the Board approve all of the awards as detailed in the Award Recommendations logs attached. All Rental Housing Development awards are recommended subject to the conditions of the underwriting reports, the availability of funds after the expiration of the RAF as discussed above, and approval of housing tax credit awards as applicable.

2009 HOME Rental Housing Development Program - Award Recommendations

Application Acceptance Period: 7/16/2009 to 4/30/2010
Total NOFA Amount: $23,865,158

Total Set-Aside Funding Level: $17,275,128

Available Balance: $5,000,000

General Set-Aside

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	Reqstd HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded / Recommended Project Funds	CHDO	Requested CHDO Funds	Awarded / Recommended CHDO Funds	Status
09318	10	3/27/2009	2:40 PM	Hyatt Manor I and II Apts	Gonzales	R	14	65	General	Yes	No	No	$946,081	$946,081	N	$0		Pending Award 9/3/2009
09126	8	3/27/2009	4:34 PM	Holland House Apts	Holland	R	68	68	General	Yes	No	No	$550,000	$550,000	N	$0		Pending Award 9/3/2009
09228	5	3/31/2009	11:13 AM	Lufkin Pioneer Crossing for Seniors	Lufkin	NC	32	80	Elderly	Yes	No	No	$2,796,156	$2,796,156	N	$0		Pending Award 9/3/2009
09150	8	3/31/2009	2:11 PM	Prairie Village Apts	Rogers	R	24	24	General	Yes	No	No	$375,000	$375,000	N	$0		Pending Award 9/3/2009
09146	2	3/31/2009	3:26 PM	Oakwood Apts	Brownwood	R	47	48	General	Yes	No	No	$600,000	$600,000	N	$0		Pending Award 9/3/2009
Total HOME Applications			**5**		**Unit Totals:**		**185**	**285**		**Fund Totals:**			**$5,267,237**	**$5,267,237**		**$0**		

Sorted by Date and Time Received

1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

2009 HOME Rental Housing Development Program - Application Log

Application Acceptance Period: 7/16/2009 to 4/30/2010
Total NOFA Amount: $23,865,158

Total Set-Aside Funding Level*: $17,275,128
Available Balance: $5,000,000

General Set-Aside

File #	Region	Received By: Date	Received By: Time	Development Name	City	Housing Actvty(1)	Reqstd HOME Units	Total Units	Target(2) Population	Layering (3) 9%	Layering (3) 4%	Layering (3) HTF	Requested Project Funds	Awarded / Recommended Project Funds	CHDO	Requested CHDO Funds	Awarded / Recommended CHDO Funds	Status
09000	6	12/3/2008	4:01 PM	Courtwood Apartments	Eagle Lake	R	16	50	Elderly	Yes	No	No	$1,274,555	$1,160,034	N	$0		Awarded 7/30/2009
09100	3	2/26/2009	8:00 AM	Crestmoor Park South Apts	Burleson	R	68	68	General	Yes	No	No	$1,215,089	$1,215,089	N	$0		Awarded 7/30/2009
09248	6	2/27/2009	8:01 AM	Pearland Senior Village	Pearland	NC	28	126	Elderly	Yes	No	No	$3,000,000	$3,000,000	N	$0		Awarded 7/30/2009
09245	10	2/27/2009	8:56 AM	Heights at Corral	Kingsville	R	29	80	General	Yes	No	No	$3,000,000	$3,000,000	N	$0		Awarded 7/30/2009
09267	6	2/27/2009	10:44 AM	Heritage Crossing	Santa Fe	R	25	72	Elderly	Yes	No	No	$2,200,000	$2,200,000	N	$0		Awarded 7/30/2009
09287	6	2/27/2009	3:14 PM	Horizon Meadows Apts	La Marque	NC	20	96	General	Yes	No	No	$1,700,000	$1,700,000	N	$0		Awarded 7/30/2009
09136	12	2/27/2009	4:57 PM	Gateway to Eden	Eden	NC	20	20	General	Yes	No	No	$1,050,000	$0	N	$0		Not Recommended 9/3/2009
09502	3	3/27/2009	9:27 AM	Washington Hotel Lofts	Greenville	R	36	36	General	No	No	No	$2,650,000		N	$0		Under Review
09318	10	3/27/2009	2:40 PM	Hyatt Manor I and II Apts	Gonzales	R	14	65	General	Yes	No	No	$946,081	$946,081	N	$0		Pending Award 9/3/2009
09293	7	3/27/2009	2:58 PM	Villas of Shady Grove	Burnet	NC	28	80	General	Yes	No	No	$2,971,483		N	$0		Under Review
09126	8	3/27/2009	4:34 PM	Holland House Apts	Holland	R	68	68	General	Yes	No	No	$550,000	$550,000	N	$0		Pending Award 9/3/2009
09503	11	3/30/2009	3:34 PM	Parkview Terrace	Pharr	R	30	100	General	No	No	No	$3,000,000		N	$0		Under Review
09185	6	3/30/2009	5:09 PM	Maplewood Village II	League City	NC	0	80	Elderly	Yes	No	No	$1,450,000		N	$0		Under Review
09228	5	3/31/2009	11:13 AM	Lufkin Pioneer Crossing for Seniors	Lufkin	NC	32	80	Elderly	Yes	No	No	$2,796,156	$2,796,156	N	$0		Pending Award 9/3/2009
09150	8	3/31/2009	2:11 PM	Prairie Village Apts	Rogers	R	24	24	General	Yes	No	No	$375,000	$375,000	N	$0		Pending Award 9/3/2009

Sorted by Date and Time Received

* Consists of $5,000,000 in 2009 HOME funds; $6,500,000 in deobligated funds as approved on July 16, 2009; and $5,775,128 in deobligated funds as approved on July 30, 2009.
1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	Reqstd HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded / Recommended Project Funds	CHDO	Requested CHDO Funds	Awarded / Recommended CHDO Funds	Status
09146	2	3/31/2009	3:26 PM	Oakwood Apts	Brownwood	R	47	48	General	Yes	No	No	$600,000	$600,000	N	$0		Pending Award 9/3/2009
09148	8	3/31/2009	4:34 PM	Whispering Oaks Apartments	Goldthwaite	R	24	24	Elderly	Yes	No	No	$400,000		N	$0		Under Review
09147	8	3/31/2009	4:52 PM	Village Place Apts	Lorena	R	32	32	General	Yes	No	No	$450,000		N	$0		Under Review
09149	8	4/1/2009	9:59 AM	Autumn Villas	Lorena	R	16	16	Elderly	Yes	No	No	$310,000		N	$0		Under Review
09294	7	4/1/2009	12:54 PM	Northgate Apts and Rhomberg Apts	Burnet	R	10	60	General	Yes	No	No	$638,140		N	$0		Under Review
09508	3	4/29/2009	11:48 AM	Estates at Northside	Pilot Point	NC	32	32	Elderly	No	No	No	$2,283,744		N	$0		Under Review
09506	4	4/29/2009	12:04 PM	Cherokee Hills	Rusk	NC	27	60	General	No	No	No	$2,325,000		N	$0		Under Review
09507	3	4/30/2009	2:04 PM	Silver Spring at Forney	Forney	NC	40	198	Elderly	No	No	No	$3,000,000		N	$0		Under Review
09019	4	4/30/2009	3:11 PM	Timber Village Apartments II	Marshall	NC	15	72	General	Yes	No	No	$800,000		N	$0		Under Review
09511	3	4/30/2009	4:42 PM	Villas on Raiford	Carrollton	NC	18	180	Elderly	No	No	No	$3,000,000		N			Under Review
09165	8	4/30/2009	5:00 PM	Cherrywood Apts	West	R	12	44	Elderly	Yes	No	No	$1,156,092		N	$0		Under Review
Total HOME Applications			**26**		**Unit Totals:**		**711**	**1,811**		**Fund Totals:**			**$43,141,340**	**$17,542,360**		**$0**		

Total Set-Aside Funding Level: $5,590,030

Available Balance: $5,527,136

CHDO Set-Aside

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	ReqstdHOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded / Recommended Project Funds	CHDO	Requested CHDO Funds	Awarded / Recommended CHDO Funds	Status
09138	7	2/19/2009	1:58 PM	Belmont Senior Village	Leander	NC	39	192	Elderly	Yes	No	No	$4,000,000		Y	$0		Under Review
09172	3	2/23/2009	11:25 AM	Evergreen at Vista Ridge	Lewisville	NC	24	120	Elderly	Yes	No	No	$2,400,000	$62,894	Y	$50,000	$0	Awarded 7/30/2009

Sorted by Date and Time Received

* Consists of $5,000,000 in 2009 HOME funds; $6,500,000 in deobligated funds as approved on July 16, 2009; and $5,775,128 in deobligated funds as approved on July 30, 2009.

1 = Housing Activity: New Construction=NC, Rehabilitation = R

2 = Target Population Abbreviation: Intergenerational=Intg

3 = Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	Reqstd HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded / Recommended Project Funds	CHDO	Requested CHDO Funds	Awarded / Recommended CHDO Funds	Status
09171	3	2/24/2009	11:48 AM	Evergreen at Wylie	Wylie	NC	32	156	Elderly	Yes	No	No	$3,050,000		Y	$50,000		Under Review
09504	5	4/27/2009	3:26 PM	Magnolia Place	Newton	NC	12	12	Family	No	No	No	$750,000		Y	$30,000		Under Review
09509	3	4/29/2009	1:09 PM	West Park Senior Housing	Corsicana	NC	40	40	Elderly	No	No	No	$4,000,000		Y	$50,000		Under Review
Total HOME Applications			**5**		**Unit Totals:**		**147**	**520**		**Fund Totals:**			**$14,200,000**	**$62,894**		**$180,000**	**$0**	

Sorted by Date and Time Received

* Consists of $5,000,000 in 2009 HOME funds; $6,500,000 in deobligated funds as approved on July 16, 2009; and $5,775,128 in deobligated funds as approved on July 30, 2009.
1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Active Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Tim Irvine, Michael Lyttle

Date: August 24, 2009

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for July and August 2009. The information provided focuses primarily on activities Executive and staff have taken on voluntarily; however, also included are mandated activities such as TEFRA and tax credit public hearings. 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.

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TDHCA Outreach Activities, July-August 2009

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	July 2	Compliance & Asset Oversight	Training
Hurricane Ike/Round II Funding Round Table	Beaumont	July 2	Disaster Recovery	Round Table Discussion
Disability Advisory Workgroup	Austin	July 2	Community Based Programs	Participant
Tax Credit Assistance/Exchange Programs Workshop	Dallas	July 7	HOME, Multifamily	Training
HOME/Tenant Based Rental Assistance Implementation Workshop	San Antonio	July 8	HOME	Training
National Association of Hispanic Real Estate Professionals	Houston	July 8	Homeownership	Presentation
Tax Credit Assistance/Exchange Programs Application Workshop	Houston	July 9	HOME, Multifamily	Training
United Texas Realtor Training	Fort Worth	July 10	Homeownership	Training
Hurricane Ike/Round II Funding Round Table	Texas City	July 13	Disaster Recovery	Round Table Discussion
Texas Statewide Homebuyer Education Program Trainer Workshop	Houston	July 13-16	Homeownership	Training
Texas Commission on Developmental Disabilities	Austin	July 15	Community Based Programs	Participant
Promoting Independence Advisory Committee	Austin	July 16	Community Based Programs	Participant
Community Resources Coordinating Group	Austin	July 20	Housing Resource Center	Participant
Single Family Environmental Training	McAllen	July 21	Compliance & Asset Oversight	Training
Bank of America Housing Summit	Houston	July 21	Homeownership	Presentation
Multifamily Environmental Training	McAllen	July 22	Compliance & Asset Oversight	Training
HOME/Single Family NOFA Application Workshop	McKinney	July 23	HOME	Training
El Paso Board of Realtors Training	El Paso	July 24	Homeownership	Training
Texas Affiliation of Affordable Housing Providers Conference	Austin	July 27-28	Executive, Multifamily, Compliance & Asset Oversight, Policy & Public Affairs	Presentation, Participant, Exhibitor
NSP Implementation Workshop	Austin	July 28	NSP	Training
HOME/Owner-Occupied Implementation Workshop	Austin	July 29	HOME	Training
Davis-Bacon Labor Standards Training	Austin	July 29	HOME	Training

NSP Implementation Workshop	Dallas	July 30	NSP	Training
United Texas Realtor Training	Harlingen	July 31	Homeownership	Training
NSP Implementation Workshop	Houston	August 4	NSP	Training
HOME/Single Family NOFA Application Workshop	Lubbock	August 4	HOME	Training
Grand Opening of Pointe North/CDBG-DR Property	Beaumont	August 4	Executive, Disaster Recovery, Policy & Public Affairs	Remarks, Participant
Grand Opening of Valley View/CDBG-DR Property	Port Arthur	August 4	Executive, Disaster Recovery, Policy & Public Affairs	Remarks, Participant
Grand Opening of Orange Navy/CDBG-DR Property	Orange	August 4	Executive, Disaster Recovery, Policy & Public Affairs	Remarks, Participant
HOME/Single Family NOFA Application Workshop	Midland	August 5	HOME	Training
Single Family Environmental Training	Houston	August 5	Compliance & Asset Oversight	Training
NSP Implementation Workshop	McAllen	August 6	NSP	Training
First Thursday Income Eligibility Training	Austin	August 6	Compliance & Asset Oversight	Training
Multifamily Environmental Training	Houston	August 6	Compliance & Asset Oversight	Training
Manufactured Housing Licensing Class	Austin	August 10	Manufactured Housing	Regulatory
Interagency Coordinating Council for Healthy Families	Austin	August 11	Community Based Programs	Participant
Texas Workforce Commission/ARRA Forum	Austin	August 11	Community Affairs	Presentation, Participant
National Association of Professional Women	Austin	August 11	Homeownership	Presentation
Single Family Environmental Training	Kilgore	August 12	Compliance & Asset Oversight	Training
Texas Rural Rental Housing Association Conference	Corpus Christi	August 12	Compliance & Asset Oversight, Policy & Public Affairs	Presentations
Disability Advisory Workgroup Meeting	Austin	August 13	Community Based Programs	Participant
Multifamily Environmental Training	Kilgore	August 13	Compliance & Asset Oversight	Training
Disability Advisory Workgroup Meeting	Austin	August 13	Housing Trust Fund	Participant
Hurricane Ike/Round II Action Plan Public Hearing	Weslaco	August 13	Disaster Recovery	Public Hearing
HOME/Single Family NOFA Application Workshop	Houston	August 18	HOME	Training
HOME/Single Family NOFA Application Workshop	Austin	August 20	HOME	Training
HOME/Single Family NOFA Application Workshop	El Paso	August 25	HOME	Training
Interagency Coordinating Council for Healthy Families	Austin	August 25	Housing Resource Center	Participant
Veterans Rental Assistance Contract Administration Workshop	Austin	August 26	Housing Trust Fund	Training