SUPPLEMENTAL BOARD BOOK
OF
JULY 25, 2019

J. B. Goodwin, Chair
Leslie Bingham Escareño, Vice-Chair
Paul Braden, Member
Asusena Reséndiz, Member
Sharon Thomason, Member
Leo Vasquez, III, Member
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
8:00 AM
JULY 25, 2019

John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas 78701

CALL TO ORDER
ROLL CALL
J.B. Goodwin, Chair

CERTIFICATION OF QUORUM

Pledge of Allegiance - I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

Texas Allegiance - Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

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 under Chapter 551 of the Tex. Gov’t Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summary for February 21, 2019, and March 21, 2019

LEGAL

b) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Villa Victoria Apartments (HTC 93156 / CMTS 1186)
c) Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Villa de Resposo Encinal (HOME 53021 / CMTS 4002)

ASSET MANAGEMENT

d) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement
   98004 Shady Creek Apartments  Baytown
   02061 Painted Desert Townhomes  Clint
   02068 Geronimo Trail Townhomes  El Paso
   03003 Mision Del Valle Townhomes  Socorro

e) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application
   18357 Capella  Olmito
   18358 Ovation Senior Living  Olmito
COMMUNITY AFFAIRS

f) Presentation, discussion, and possible action on the 2020-2021 Community Services Block Grant State Plan for submission to the U.S. Department of Health and Human Services and approval of the associated 2020 awards

g) Presentation, discussion, and possible action on approval of the 2020 Low Income Home Energy Assistance Program State Plan for submission to the U.S. Department of Health and Human Services and approval of the associated 2020 awards

h) Presentation, discussion, and possible action on the Section 8 Program 2020 Streamlined Annual Public Housing Agency Plan for the Housing Choice Voucher Program

HOME AND HOMELESSNESS PROGRAMS

i) Presentation, discussion, and possible action on State Fiscal Year 2020 Homeless Housing and Services Program awards

HOUSING RESOURCE CENTER

j) Presentation, discussion, and possible action on the 2020 Regional Allocation Formula Methodology

BOND FINANCE

k) Presentation, discussion, and possible action on Resolution No. 19-039, Authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

l) Presentation, discussion, and possible action on Resolution No. 19-040, Authorizing the Execution of an Escrow Agreement relating to the Multifamily Housing Mortgage Revenue Bonds for Green Crest Apartments aka City Parc II @ West Oaks Series 2002

m) Presentation, discussion, and possible action on Resolution No. 19-041, Authorizing the Execution of an Escrow Agreement relating to the Multifamily Housing Mortgage Revenue Bonds for Providence at Veterans Memorial Apartments aka Championship Townhomes on the Green Series 2004A

n) Presentation, discussion, and possible action on Inducement Resolution No. 19-042, for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

19607 The Haven at Willow Creek Park Houston ETJ
19608 Reserves at San Marcos San Marcos
19610 Fishpond at Corpus Christi Corpus Christi

MULTIFAMILY FINANCE

o) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer

19414 DeWetter Apartments El Paso
19415 Kathy White Apartments El Paso

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach and Activities Report (June-July)

b) Multifamily Supportive Housing Roundtable Report

c) 2020 QAP Planning Project report
d) Report on the Department’s 3rd Quarter Investment Report in accordance with the Public Funds Investment Act

e) Report on the Department’s Interim Balance Sheet/Statement of Net Position for the period ended May 31, 2019

f) Report on the Department’s 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures

g) Report on the Department’s Swap Portfolio and recent activities with respect thereto

**ACTION ITEMS**

**ITEM 3: BOARD**

Presentation, discussion, and possible action to employ an Executive Director

**ITEM 4: COMMUNITY AFFAIRS**

Presentation, discussion, and possible action authorizing the Department to submit an application for Mainstream Housing Vouchers in response to a Notice of Funding Availability released by the U.S. Department of Housing and Urban Development, and if successfully awarded to operate such program

**ITEM 5: ASSET MANAGEMENT**

Presentation, discussion, and possible action regarding waiver and loan modification for Villas of Brownwood II (Multifamily Direct Loan No. 1001714001)

**ITEM 6: RULES**

a) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities; an order proposing new 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities; an order proposing the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan; an order proposing new 10 TAC §2.204, Contents of a Quality Improvement Plan; and directing that they be published for public comment in the *Texas Register*

b) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and an order proposing new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and directing their publication for public comment in the *Texas Register*

c) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and an order proposing new 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and directing their publication for public comment in the *Texas Register*

d) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and an order proposing new 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and directing their publication for public comment in the *Texas Register*

e) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and an order proposing new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and directing its publication for public comment in the *Texas Register*
ITEM 7: COMPLIANCE
Presentation, discussion, and possible action on increase in service contract with Onsite Insight to perform Uniform Physical Condition Standards inspections from $350,000 to $430,000 pursuant to Tex. Gov’t Code §2155.088(b)(2)

ITEM 8: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action on a waiver and award of a Predevelopment grant from the 2019-2 Special Purpose Notice of Funding Availability: Predevelopment to 19550 Project Transitions, Inc Austin

b) Presentation, discussion and possible action regarding an Award of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability
   18503 Eastern Oaks Apartments Austin

c) Presentation, discussion, and possible action on timely filed appeals of material deficiencies in and scoring of Housing Tax Credit Applications under the Department’s Multifamily Program Rules
   19003 The Legacy at Piedmont San Antonio

d) Presentation, discussion, and possible action on the Second Amendment to the 2019-1 Multifamily Direct Loan Notice of Funding Availability

e) Presentation, discussion, and possible action on the Third Amendment to the 2019-1 Multifamily Direct Loan Notice of Funding Availability

f) Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2019-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications
   19051 Casa de Manana Apartments Corpus Christi
   19053 Foundation Village Austin
   19179 Riverwood Commons II Bastrop
   19202 Heritage Heights at Big Spring Big Spring
   19214 Lakeridge Villas Ennis
   19216 Heritage Heights at Abilene Abilene
   19234 The Residence at Alsbury Burleson
   19235 The Reserves at Saddleback Ranch Wolfforth
   19236 Tool Cedar Trails Tool
   19238 Franklin Trails Franklin
   19304 The Residences at Overlook Ridge Canyon Lake
   19332 Avanti at South Bluff Corpus Christi
   19365 Heritage Estates at Huntsville Huntsville
   19367 Avanti Legacy Bayside Corpus Christi


g) Presentation, discussion, and possible action regarding awards from the 2019 State Competitive Housing Credit Ceiling and approval of the waiting list for the 2019 Competitive Housing Tax Credit Application Round and confirming obligations to the Section 811 Project Rental Assistance Program for those properties that sought and were awarded points for providing program units
   19003 The Legacy at Piedmont San Antonio
   19008 Palladium Fain Street Fort Worth
   19009 Churchill at Golden Triangle Fort Worth
   19011 Palladium Venus Venus
   19016 Palladium Waxahachie Senior Living Waxahachie
   19020 Riva Keene Keene
   19024 Morning Star Apartments Wharton
   19026 National Church Residences-Robinson Robinson
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<td>Kerrville</td>
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<td>Blue Oaks</td>
<td>San Antonio</td>
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<td>Casa de Manana Apartments</td>
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<td>19053</td>
<td>Foundation Village</td>
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<td>Residences at Lake Waco</td>
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<td>4242 Jackson Apartments</td>
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<td>Telephone Road Elderly</td>
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<td>El Paso</td>
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<td>Villas at Augusta</td>
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<td>Alazan Lofts</td>
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<td>Hamilton Wolfe Lofts</td>
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<td>Reserve at New York</td>
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<td>19148</td>
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<td>Mid Tule Village Apartments</td>
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<td>Star of Texas Housing</td>
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19164 Commerce Street Apartments Belton
19166 Villas at Robinett Killeen
19176 Anthony Palms Anthony
19177 Edgemere Palms El Paso
19179 Riverwood Commons II Bastrop
19182 Waterpark Palms Anthony
19187 The Ellington Houston
19189 Lakewood Crossing Granbury
19191 Hillcrest Senior Village Kerrville
19202 Heritage Heights at Big Spring Big Spring
19204 Cottonview Terrace Taft
19205 Patriot Park Seniors Plano
19208 Trail Village Brownsville
19214 Lakeridge Villas Ennis
19215 West Ridge Apartments Pharr
19216 Heritage Heights at Abilene Abilene
19217 Redwood Apartments Dumas
19223 Bamboo Estates Apartments Progreso
19225 Rosewood Senior Villas Tyler
19228 Chaparral Apartments Midland
19230 Campanile on Fondren Houston
19232 The Commons at St. Anthony's Amarillo
19234 The Residences at Alsbury Burleson
19235 The Reserves at Saddleback Ranch Wolfforth
19236 Tool Cedar Trails Tool
19237 Gatesville Trails Gatesville
19238 Franklin Trails Franklin
19239 Talavera Lofts Austin
19242 The Tramonti Houston
19244 Mariposa at Harris Road Arlington
19245 Huntington Chimney Rock Houston
19250 Cypress Creek at Waxahachie Waxahachie
19257 Blue Ridge Villas Houston
19266 County Line Lofts Venus
19273 Nolana Villas McAllen
19276 Sunset at Fash Place Fort Worth
19277 Cielo Place Fort Worth
19285 Everly Plaza Fort Worth
19286 West Little York Apartments Houston
19288 Vi Collina Austin
19295 The Abali Austin
19296 McKee City Living Houston
19299 2222 Pierce Houston
19304 The Residences at Overlook Ridge Canyon Lake
19307 Briarwest Apartments Houston
19315 Hammack Creek Apartments Kennedale
19319 Bardin Apartments Arlington
19327 Edison Lofts Houston
19330 Avanti Legacy Emerald Point McAllen
19331 Avanti at Emerald Point       McAllen
19332 Avanti at South Bluff       Corpus Christi
19338 Ennis Trails       Ennis
19340 Nuestra Senora       El Paso
19344 Patriot Place       El Paso
19356 Pine Hills Estates I & II       Devine
19357 Woodlands Estates I & II       Hempstead
19360 Legacy Trails of Longview       Longview
19364 The Villas at Cedar Grove       Lufkin
19365 Heritage Estates at Huntsville       Huntsville
19367 Avanti Legacy Bayside       Corpus Christi

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS

EXECUTIVE SESSION
The Board may go into Executive Session (close its meeting to the public):

The Board may go into Executive Session Pursuant to Tex. Gov't 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;

Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;

Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;

Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department’s ability to negotiate with a third person; and/or

Pursuant to Tex. Gov’t Code §2306.039(c) the Department’s internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

OPEN SESSION
If there is an Executive Session, the Board will reconvene in Open Session. Except as specifically authorized by applicable law, the Board may not take any actions in Executive Session.

ADJOURN
To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.
Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Elena Peinado, al siguiente número 512-475-3814 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1k
Presentation, discussion, and possible action on Resolution No. 19-039 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

An allocation of private activity bond authority, also known as volume cap, is required for the issuance of tax-exempt, single family mortgage revenue bonds (SFMRBs) and for the issuance of mortgage credit certificates (MCCs). In 2019, the State of Texas received just over $3 billion in volume cap for all private activity purposes, of which $281,334,337 was set-aside for the Department for single family activity until August 7, 2019.

Staff is requesting authorization to submit one or more applications for reservation of volume cap, to include (i) one or more applications for reservation totaling $281,334,337 (TDHCA's single family set-aside), (ii) one or more applications for reservation for up to $275,000,000 (50% of the unused single family set-aside), available to single family issuers on a first-come, first-served basis between August 6 and August 14, 2019, and (iii) one or more applications for reservation for up to $700,000,000 from unused set-asides across all private activity categories, made available to all private activity issuers on a first-come, first-served basis on August 15, 2019.

Staff will return to the Board at a later date with requests for approval to use awarded volume cap in connection with additional bond or MCC transactions.

The following chart outlines the Department’s projected sources and uses of reservation amounts for which authorization is requested.
### VOLUME CAP PROJECTED SOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Beginning Volume Cap Balance as of July 25, 2019 (Carryforward)</td>
<td>$348,129,955</td>
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<tr>
<td>Applications for Reservation of Volume Cap</td>
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<tr>
<td>On or prior to August 6, 2019</td>
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<tr>
<td>TDHCA 2019 Private Activity Bond Allocation (Set-Aside)</td>
<td>$281,334,337</td>
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<tr>
<td>Between August 7, 2019 and August 14, 2019</td>
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<tr>
<td>Unused Set-Aside, Single Family</td>
<td>$275,000,000</td>
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<td>On or after August 15, 2019</td>
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<tr>
<td>Unused Set-Aside, All Private Activity Categories</td>
<td>$700,000,000</td>
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<tr>
<td>Total Applications for Reservation of Volume Cap</td>
<td>$1,256,334,337</td>
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**TOTAL PROJECTED VOLUME CAP SOURCES**

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<thead>
<tr>
<th>Amount</th>
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<td>$1,604,464,292</td>
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### VOLUME CAP PROJECTED USES

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<th>Description</th>
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<tr>
<td>2019 Series B Single Family Mortgage Revenue Bonds (Nov 2019)</td>
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<td>2019 Mortgage Credit Certificate Program</td>
<td>$450,000,000</td>
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<td>2020 Single Family Mortgage Revenue Bond Program</td>
<td>$525,000,000</td>
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<td>2020 Mortgage Credit Certificate Program</td>
<td>$454,464,292</td>
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**TOTAL PROJECTED VOLUME CAP USES**

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<tr>
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<tr>
<td>$1,604,464,292</td>
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RESOLUTION NO. 19-039

RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the “Board”) from time to time) at prices they can afford; and

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

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

WHEREAS, Section 146(a) of the Code requires that certain “private activity bonds” (as defined in Section 141(a) of the Code) must come within the issuing authority’s private activity bond limit for the applicable calendar year in order to be treated as obligations the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes; and

WHEREAS, the private activity bond “State ceiling” (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the “Allocation Act”); and
WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the “Reservation”) and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the “Application for Reservation”) with the Texas Bond Review Board (the “Bond Review Board”), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the “Allocation Rules”) require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of $1,256,334,337 with respect to qualified mortgage bonds;

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of $1,256,334,337 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.
ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[The remainder of this page left intentionally blank.]
PASSED AND APPROVED this 25th day of July, 2019.

_____________________________
Chair, Governing Board

ATTEST:

_____________________________
Secretary to the Governing Board

(SEAL)
WHEREAS, on November 8, 2018, the Board resolved that in the event that the Executive Director is on leave in accordance with the Department’s Personnel Policies and Procedures, David Cervantes, Director of Administration, be and he hereby was authorized, empowered, and directed, for and on behalf of the Department, to execute, deliver, and cause to be performed such acts and deeds, approvals, documents, instruments, and writings as the Executive Director is authorized to undertake on behalf of the Department;

WHEREAS, it was also resolved on November 8, 2018, that, subject to the requirements of Tex. Gov’t Code §2306.038, David Cervantes was designated as the Acting Director of TDHCA effective December 1, 2018, and has served in that capacity since that date; and

WHEREAS, the Board wishes to deliberate and select for employment an Executive Director in accordance with Tex. Gov’t Code §2306.036;

Now, therefore, it is hereby

RESOLVED, that, following deliberations in closed session in accordance with Tex. Gov’t Code §551.074, the Board will select an Executive Director.
8a
BOARD ACTION REQUEST  
MULTIFAMILY FINANCE DIVISION  
JULY 25, 2019

Presentation, discussion, and possible action on a waiver and award of a Predevelopment Grant from the Multifamily 2019-2 Special Purpose Notice of Funding Availability: Predevelopment.

RECOMMENDED ACTION

WHEREAS, the Department has received five Predevelopment Applications for grants under the 2019-2 Special Purpose Notice of Funding Availability: Predevelopment (NOFA);

WHEREAS, Application 19550 Roosevelt Gardens, is requesting a Predevelopment Grant of $50,000 in Tax Credit Assistance Repayment Funds (TCAP RF) for the predevelopment expenses related to Roosevelt Gardens, which has received complete reviews for compliance with program requirements;

WHEREAS, the requested Predevelopment Grant received a positive recommendation from the Executive Award and Review Advisory Committee (EARAC) on July 22, 2019;

WHEREAS, this Predevelopment Application is requesting a waiver in accordance with Section 9(c) of the Special Purpose NOFA (permitting waiver of NOFA provisions on a case-by-case basis), for the Applicant Eligibility provision in Section 2 of the Special Purpose NOFA (excluding individuals and affiliate entities with control of the proposed Development that have received an award of funds from the Department after January 1, 2019);

WHEREAS, the waiver is requested for the purposes of allowing the individual, Walter Moreau, and his affiliate entity, Foundation Communities, to partner with the Applicant as Co-Developers in order to build the capacity of the Applicant and satisfy the Experience Requirement under 10 TAC §11.204(6);

WHEREAS, staff recommends approval of the waiver of the Applicant Eligibility provision in Section 2 of the Special Purpose NOFA, as applied to the named individual and his affiliate entity, Walter Moreau and Foundation Communities; and

WHEREAS, staff recommends the approval of a Predevelopment Grant under the 2019-2 Special Purpose NOFA to Application 19550 – Roosevelt Gardens;

NOW, therefore, it is hereby
RESOLVED, that a waiver in accordance with Section 9(c) of the 2019-2 Special Purpose NOFA, for the Applicant Eligibility provision in Section 2 of the Special Purpose NOFA is approved; and

FURTHER RESOLVED, that an award of a $50,000 Predevelopment Grant from the 2019-2 Special Purpose NOFA to Project Transitions, Inc., for the predevelopment of, Roosevelt Gardens, is hereby approved as presented at this meeting.

BACKGROUND

Award of Funds
The Board approved the 2019-2 Special Purpose NOFA on February 21, 2019 (as amended on March 21, 2019) with $200,000 in TCAP RF, for the purpose of providing grants to nonprofit organizations to fund third-party costs associated with submitting an Application for Multifamily funds.

Project Transitions, Inc., a nonprofit corporation, requests a Predevelopment Grant of TCAP Repayment Funds. The Predevelopment Grant is requested for the purpose of preparing a Uniform Multifamily Application to submit during the 2019 Program Year.

The proposed development, Roosevelt Gardens, will have 40 units. The applicant will demolish its current 20 unit residential building in Austin. The applicant will then construct a 40 unit residential building. The applicant anticipating applying for National Housing Trust Funds for an up to 17 unit condo project within the 40 unit residential building. In accordance with Project Transitions, Inc.'s mission, the development proposes serving a Supportive Housing population, whereby all NHTF units and HOME match units will have a preference for persons living with HIV/AIDS. The remaining units in the building are proposed to be a separate condo, and be layered with and limited by federal HOPWA funds. The HOPWA funding limitation shall not be applied to any NHTF or HOME match unit at any point during the federal affordability period. However, if awarded funds utilizing this structure, one of the conditions of the NHTF award would be that the same owner has to own all the residential units in the building for the federal affordability period.

Waiver and Experience Certificate

Staff recommends approval of the requested waiver of Section 2 of the Special Purpose NOFA regarding Applicant Eligibility to allow the Applicant to meet the Experience Requirement under 10 TAC §11.204(6).

Applications requesting an award of Multifamily funds must meet the Experience Requirement required under 10 TAC §11.204(6). An Experience Certificate issued by the Department from 2014 through 2018 is sufficient evidence to meet the requirement, and Applicants cannot meet this requirement using an Experience Certificate issued to any "...Person or an Affiliate of that Person [that] would not be eligible to be an Applicant themselves."
Initially, staff determined the Predevelopment Application 19550 submitted on April 18, 2019, did not meet the Experience Requirement. The Application was resubmitted on June 25, 2019, with an approved Experience Certificate issued by the Department to Walter Moreau on December 20, 2018.

Under Section 2 of the Special Purpose NOFA, Mr. Moreau and Foundation Communities are currently ineligible to receive a Predevelopment grant because they received awards of multifamily funds from the Department after January 1, 2009. The requested waiver, as authorized by Section 9(c) of the NOFA, will permit Mr. Moreau and his affiliate entity to meet the experience requirement for Application 19550.

Mr. Moreau and Foundation Communities will be a co-Developer with the Applicant, using the former's extensive experience to assist in building the capacity of the latter. As illustrated in the attached Organization Chart, Project Transitions, Inc., will retain 90% ownership and majority control of the proposed Development. Co-Developer, Foundation Communities, will have some control with 10% ownership of the proposed Development. Staff recommends approval of the waiver in accordance with Section 9(c) of the Special Purpose NOFA.

Organizational Structure and Previous Participation
The Applicant/Borrower is Project Transitions, Inc., and includes the entities and principals as illustrated in Exhibit A. The Applicant's portfolio is considered a Category 1 and the previous participation was deemed acceptable by the EARAC without further review or discussion.
MULTIFAMILY PREDEVELOPMENT APPLICATION 19550

BOARD ACTION REQUEST

EXHIBIT A
July 15, 2019

Alena Morgan
Multifamily Direct Loan Policy Research Specialist
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Roosevelt Gardens
Project Transitions, Inc.
5606 Roosevelt Avenue
Austin, Texas 78756
TDHCA #19550

Dear Alena:

On behalf of my client Project Transitions, Inc. (the “Applicant”), please accept this letter as a request of waiver under the 2019-2 Special Purpose NOFA for the Pre-Development Application #19550 for Project Transitions, Inc. The waiver is requested as by itself, Project Transitions, Inc., meets all of the Eligible Applicant requirements of the 2019-2 Special Purpose NOFA and most pertinent to this waiver, has not received an award of funds from the Department ever in its history. However, in order to meet the TDHCA Experience requirement, Project Transitions, Inc. will partner with Walter Moreau and Foundation Communities, Inc. as a 10% Co-Developer to bring their specialized Property Management and Compliance expertise specific to Supportive Housing to benefit the project and the organization. As you know, Foundation Communities and Walter Moreau have been a long-time beneficiary of TDHCA funding and therefore would seemingly violate Project Transitions' ability to be considered an Eligible Applicant under the 2019-2 Special Purpose NOFA.

This wavier is requested as a case-specific waiver for the following reasons:

- Project Transitions, Inc. is the only AIDS Service Organization in Central Texas providing housing with wrap-around supportive services for Persons Living with HIV and AIDS. While Project Transitions, Inc. has a successful history of owning and operating housing, they have never been a recipient of TDHCA funding. Project Transitions, Inc. is rising to the alignment of local and Federal resources and priorities, to expand their housing footprint by developing more units of Supportive Housing.
- Project Transitions, Inc. actually have two housing development projects in their pipeline and are already beginning to incur pre-development costs. The purpose of the 2019-2 Special Purpose NOFA is to fund pre-development activities that will result in more affordable housing units for persons with low-incomes. Project Transitions, Inc. will be doing just that and are a perfect beneficiary of this Pre-Development funding. This funding will go to work immediately.
• Project Transitions, Inc. can find no better Experience partner than Foundation Communities, Inc. with their long-history of developing, owning, managing and operating Supportive Housing and will provide a great benefit to Project Transitions, Inc. as they expand their housing footprint. FC will round out an experienced Development team to ensure a safety net that will deliver a high-quality Supportive Housing community. It would make no sense to seek out a generic development partner just to meet the TDHCA Experience requirement. Instead, we would rather add true collaboration and boost to the Project with the FC partnership.

We appreciate the thoughtful consideration of this waiver as it allows this critical housing resource to continue moving forward with expansion in the Austin community.

Please feel free to contact me with any questions at (512) 203-4417.

Sincerely,

Jennifer Hicks

Owner, True Casa Consulting, LLC
ROOSEVELT GARDENS - AUSTIN, TEXAS

Developer Chart

Co-Developer:
Project Transitions, Inc.
90%

Chair:
Craig Davis, 0%

Vice-Chair:
Blair Hodgkins, 0%

Secretary:
Henry Joel Simmons, 0%

Board Member:
Bob Garza, 0%

Board Member:
Matthew Albertson, 0%

Board Member:
Cindy Goldman, 0%

Board Member:
Tamra Swindoll, 0%

Board Member:
Leigh Villers, 0%

Board Member:
Tony West, 0%

Interim Executive Director:
Madge Whistler, 0%

Co-Developer:
Foundation Communities, Inc.
10%

Executive Director:
Walter Moreau, 0%

Chair:
Michelle Wallis, 0%

Vice-Chair:
Adrianna Cuellar Rojas, 0%

Treasurer:
David Tandy, 0%

Secretary:
David Hart, 0%

Board Member:
Jewel Arrington, 0%

Board Member:
Blair Hodgkins, 0%

Board Member:
Henry Joel Simmons, 0%

Board Member:
Bob Garza, 0%

Board Member:
Matthew Albertson, 0%

Board Member:
Cindy Goldman, 0%

Board Member:
Tamra Swindoll, 0%

Board Member:
Leigh Villers, 0%

Board Member:
Tony West, 0%

Interim Executive Director:
Madge Whistler, 0%

Board Member:
Angela Herron, 0%

Board Member:
Andrew Clements, 0%

Board Member:
Kellee Coleman, 0%

Board Member:
Leslie Davis, 0%

Board Member:
Dalton Duffie, 0%

Board Member:
Angelique Goodnough, 0%

Board Member:
Selina Sema, 0%

Board Member:
Nikki Graham, 0%
Owner:
Project Transitions, Inc.
100%

Interim Executive Director:
Madge Whistler, 0%

Chair:
Craig Davis, 0%

Co-Chair:
Blair Hodgkins, 0%

Secretary:
Henry Joel Simmons, 0%

Board Member:
Bob Garza, 0%

Board Member:
Matthew Albertson, 0%

Board Member:
Cindy Goldman, 0%

Board Member:
Leigh Villers, 0%

Board Member:
Anthony West, 0%

Board Member:
Tamra Swindoll, 0%
ROOSEVELT GARDENS - AUSTIN, TEXAS

Guarantor Chart

**Guarantor:**
Project Transitions, Inc.
100%

- **Interim Executive Director:**
  Madge Whistler, 0%

- **Chair:**
  Craig Davis, 0%

- **Co-Chair:**
  Blair Hodgkins, 0%

- **Secretary:**
  Henry Joel Simmons, 0%

- **Board Member:**
  Bob Garza, 0%

- **Board Member:**
  Matthew Albertson, 0%

- **Board Member:**
  Cindy Goldman, 0%

- **Board Member:**
  Leigh Villers, 0%

- **Board Member:**
  Anthony West, 0%

- **Board Member:**
  Tamra Swindoll, 0%
December 20, 2018

Mr. Walter Moreau
c/o Sabrina Butler
3036 South First Street
Austin, Texas 78704

RE: REQUEST FOR EXPERIENCE CERTIFICATE UNDER 2018 UNIFORM MULTIFAMILY RULES

Dear Mr. Moreau:

We have reviewed your request for an experience certificate, which is provided to individuals that meet the requirements of §10.204(6) of the Uniform Multifamily Rules. In order to meet the experience requirements an individual must establish that they have experience in the development and placement in service of at least 150 residential units. We find that the documentation you have provided is sufficient to establish this required experience. Additionally, you have certified to compliance with the requirements of §10.204(6)(B), including the following requirements:

(ii) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing in another state, in which the Person or Affiliate has been the subject of issued IRS Form 8823 citing non-compliance that has not been or is not being corrected with reasonable due diligence. ...

(iv) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves.

Should you choose to participate as a member of the Development Team or an individual providing experience for any Application submitted for funding, a Previous Participation Review (10 TAC §1.5) may be conducted prior to any award of funds. Additionally, should it be determined at any point in time that the information provided in your request for experience is fraudulent, knowingly falsified, intentionally or negligibly materially misrepresented, or omits relevant information, this certificate of experience is null and void and you may be subject to other sanctions under the Texas Department of Housing and Community Affairs’ rules and requirements.
If you have any questions or concerns regarding this certificate or the experience requirements, please contact Marni Holloway at marni.holloway@tdhca.state.tx.us.

Sincerely,

[Signature]

Marni Holloway
Director of Multifamily Finance
8c
Presentation, discussion, and possible action on timely filed appeal of scoring in HTC Application 19003, The Legacy at Piedmont under the Department’s Multifamily Program Rules

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) application 19003, The Legacy at Piedmont, which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, a notification of scoring adjustment was provided to the Applicant identifying points that the Applicant elected but that staff determined the Application did not qualify to receive under 10 TAC §11.9;

WHEREAS, the Applicant timely filed an appeal; and

WHEREAS, due primarily to the timing of the appeal relative to the meeting where the Board would make its HTC award decisions, the Acting Director is presenting no recommendation on the appeal, which effectively denies the appeal and presents it to the Board for its final determination.

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for 19003, The Legacy at Piedmont is hereby determined.

BACKGROUND

10 TAC §11.9, related to Competitive HTC Selection Criteria, identifies the scoring criteria used in evaluating and ranking Applications. It includes those items required under Tex. Gov’t Code, Chapter 2306, §42 of the Internal Revenue Code (the “Code”), and other criteria established in a manner consistent with Chapter 2306 and §42 of the Code.

The Application proposes the New Construction of 49 units for an elderly population in San Antonio.

Staff determined that the Application does not qualify for points under 10 TAC §11.9(c)(1) related to Income Levels of Tenants because the Application did not exclude from their calculation the 30% Units proffered to qualify for the increase in eligible basis (the boost), and the Income Levels of Tenants for the 44 units (not including the basis boost units) exceeded 54% required for this 16 point item. Staff issued a deficiency notice, and the Applicant answered timely, asserting that the application should qualify for the boost and for all requested points. Staff issued a
notification of scoring adjustment alerting the Applicant of the loss of 16 points, subject to the Applicant’s ability to appeal.

The appeal states that the application form “supports the position that the Exclusion does not apply to Income Averaging.” Per the appeal, the requirement that these Units not be used under any other provision of the rule means that “the Applicant was unable to exclude the Units utilized to satisfy the Basis Boost from the Income Averaging calculation.” The appeal asserts that “The plain language of the QAP directs that the Exclusion does not apply to Income Averaging, and the Application Form supports this.” The appeal states further, “Income Levels of Tenants only requires that the Average Income for the Proposed Development be less than or equal to 54%.

In other words, the Average Income is derived from the entire Rent Schedule1 (Tab 24 of the Excel application) for the proposed Development, whether or not components of that schedule also make the Applicant eligible for other points. Further, based on the requirements of the QAP and the information in the supplemental documents, it is impermissible to calculate the Average Income using anything other than the entire Rent Schedule, including all Low-Income Units, similar to how many other scoring items in the QAP are calculated. Section 11.9(c)(1) specifically requires the Average Income “for the proposed Development”, not some subset of Units within the Development.”

Of the eight options in 10 TAC §11.4(c) of the 2019 Qualified Allocation Plan (QAP) related to Increase in Eligible Basis an Application has to choose from to qualify for the 30% basis boost, the Application elected item (3)(D), which states:

   (D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter, or required under any other funding source from the Multifamily Direct Loan program; (emphasis added)

It is acknowledged that 10 TAC §11.9(c)(2) (regarding rent levels of tenants) provides additional points in return for committing various percentages of 30% units and contains the phrase: “[t]hese levels are in addition to those committed under [the Income Levels of Tenants] paragraph . . .” yet these units do not need to be excluded from the Average Income calculation.

A review of the approved 9% applications in the 2019 round has revealed that 19003 is the only Application that both exclusively chose a basis boost under 10 TAC §11.4(c)(3)(D) and Average Income under 10 TAC §11.9(c)(1)(C). Accordingly, there is no point of comparison as to whether other applicants understood staff’s view of the need to exclude units proffered under 10 TAC §11.4(c)(3)(D) from the number of units used in the average income computation.

Due primarily to the timing of the appeal relative to the July 25, 2019, meeting where the Board is to make its HTC award decisions, the Acting Director is presenting no recommendation on the appeal, which effectively denies the appeal and presents it to the Board for its final determination.
19003 Legacy at Piedmont
Deficiency Documents
In the course of the Department’s Housing Tax Credit Eligibility/Selection/Threshold and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(7), §11.201(7)(A) and §11.201(7)(B) of the 2019 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. Within the income averaging set-side, this application proposes a unit mix that is sufficient to score 16 points for Income Levels of Tenants and 11 points for Rent Levels of Tenants. However, this scoring requires the application of all 30% units in the Rent Schedule, and none remain to achieve eligibility for the 30% increase in eligible basis. The applicant has the choice of either scoring the 11 points for Rent Levels of Tenants or increasing eligible basis by 30%.

The above list may not include all Administrative Deficiencies such as those that may be identified upon a supervisory review of the application. Notice of additional Administrative Deficiencies may appear in a separate notification.

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(7)(B) of the 2019 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved. If, during the period of time when the Application is suspended from review, Direct Loan funds become oversubscribed, the Applicant will be informed that unless the outstanding item(s) are resolved within one business day the Application will be terminated. For purposes of priority under the Direct Loan set-asides, if the outstanding item(s) are resolved within one business day, the date by which the item is submitted shall be the new received date pursuant to §13.5(c) of the 2019 Multifamily Direct Loan Rule. Applicants should be prepared for additional time needed for completion of staff
Unless the person that issued this deficiency notice, named below, specifies otherwise, submit all
documentation at the same time and in only one file using the Department’s Serv-U HTTPs
System. Once the documents are submitted to the Serv-U HTTPs system, please email the staff
member issuing this notice. If you have questions regarding the Serv-U HTTPs submission process,
contact Liz Cline at liz.cline@tdhca.state.tx.us or by phone at (512)475-3227. You may also
contact Jason Burr at jason.burr@tdhca.state.tx.us or by phone at (512)475-3986.

**All deficiencies must be corrected or clarified by 5 pm Austin local time on Thursday, July 11,
2019. Please respond to this email as confirmation of receipt.**

All applicants should review §§11.1(b) and 11.1(h) of the 2019 QAP and Uniform Multifamily
Rules as they apply to due diligence, applicant responsibility, and the competitive nature of
the program for which they are applying.

About TDHCA
The Texas Department of Housing and Community Affairs administers a number of state and federal
programs through for-profit, nonprofit, and local government partnerships to strengthen
communities through affordable housing development, home ownership opportunities,
weatherization, and community-based services for Texans in need. For more information, including
current funding opportunities and information on local providers, please visit www.tdhca.state.tx.us.

Thanks,

Ben Sheppard
Specialist, Multifamily Finance
Texas Department of Housing and Community Affairs
Ph. 512.475.2122

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b) there are
important limitations and caveats (Also see 10 TAC §10.2(b)).
In the course of the Department’s Housing Tax Credit Eligibility/Selection/Threshold and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(7), §11.201(7)(A) and §11.201(7)(B) of the 2019 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. Within the income averaging set-side, this application proposes a unit mix that is sufficient to score 16 points for Income Levels of Tenants and 11 points for Rent Levels of Tenants. However, this scoring requires the application of all 30% units in the Rent Schedule, and none remain to achieve eligibility for the 30% increase in eligible basis. The applicant has the choice of either scoring the 11 points for Rent Levels of Tenants or increasing eligible basis by 30%.

The above list may not include all Administrative Deficiencies such as those that may be identified upon a supervisory review of the application. Notice of additional Administrative Deficiencies may appear in a separate notification.

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(7)(B) of the 2019 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5 pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Applications with unresolved deficiencies after 5 pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved. If, during the period of time when the Application is suspended from review, Direct Loan funds become oversubscribed, the Applicant will be informed that unless the outstanding item(s) are resolved within one business day the Application will be terminated. For purposes of priority under the Direct Loan set-asides, if the outstanding item(s) are resolved within one business day, the date by which the item is submitted shall be the new received date pursuant to §13.5(c) of the 2019 Multifamily Direct Loan Rule. Applicants should be prepared for additional time needed for completion of staff
reviews.

Unless the person that issued this deficiency notice, named below, specifies otherwise, submit all documentation at the same time and in only one file using the Department’s Serv-U HTTPS System. Once the documents are submitted to the Serv-U HTTPS system, please email the staff member issuing this notice. If you have questions regarding the Serv-U HTTPS submission process, contact Liz Cline at liz.cline@tdhca.state.tx.us or by phone at (512)475-3227. You may also contact Jason Burr at jason.burr@tdhca.state.tx.us or by phone at (512)475-3986.

All applicants should review §§11.1(b) and 11.1(h) of the 2019 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

**All deficiencies must be corrected or clarified by 5 pm Austin local time on Thursday, July 11, 2019. Please respond to this email as confirmation of receipt.**

**About TDHCA**
The Texas Department of Housing and Community Affairs administers a number of state and federal programs through for-profit, nonprofit, and local government partnerships to strengthen communities through affordable housing development, home ownership opportunities, weatherization, and community-based services for Texans in need. For more information, including current funding opportunities and information on local providers, please visit www.tdhca.state.tx.us.

Thanks,

Ben Sheppard
Specialist, Multifamily Finance
Texas Department of Housing and Community Affairs
Ph. 512.475.2122

*Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b) there are important limitations and caveats (Also see 10 TAC §10.2(b)).*
THE LEGACY AT PIEDMONT, LP

July 11, 2019

Texas Department of Housing and Community Affairs
Multifamily Division
221 East 11th Street
Austin, Texas 78701
Attention: Ben Sheppard

RE: The Legacy at Piedmont – 2019 Application Deficiency Notice for TDHCA #19003

Dear Mr. Sheppard,

Please accept this response to the Administrative Deficiency received on July 2nd which stated that:

*Within the income averaging set-side, this application proposes a unit mix that is sufficient to score 16 points for Income Levels of Tenants and 11 points for Rent Levels of Tenants. However, this scoring requires the application of all 30% units in the Rent Schedule, and none remain to achieve eligibility for the 30% increase in eligible basis. The applicant has the choice of either scoring the 11 points for Rent Levels of Tenants or increasing eligible basis by 30%.*

We respectfully disagree with staff’s interpretation of the Qualified Allocation Plan (“QAP”). We assert that our Application qualifies for the 30% Eligible Basis Boost, 11 points for Rent Levels of Tenants and 16 points for Income Levels of Tenants based on the below analysis of the QAP which is reinforced by the guidance provided in the 2019 Multifamily Programs Application Procedures Manual (“Manual”), the Uniform Application Excel document and the Application Webinar Questions and Answers 2019.

The Administrative Deficiency indicates that if an Average Income Applicant elects points under *Income Levels of Tenants and Rent Levels of Tenants*, it requires “the application of” all 30% AMGI Units with the apparent result being that “none remain to achieve eligibility for the 30% increase in eligible basis”. Please note however, there is nothing in the QAP that indicates that the points awarded for the *Income Levels of Tenants* invalidate or modify any of the individual AMGIs being averaged. In other words, the Average Income is derived from the entire Rent Schedule¹ (Tab 24 of the Excel application) for the proposed Development, whether or not components of that schedule also make the Applicant eligible for other points. Further, based on the requirements of the QAP and the information in the supplemental documents, it is impermissible to calculate the Average Income using anything other than the entire Rent Schedule, including all Low-Income Units. QAP Section 11.9(c)(1) specifically requires income averages “*for the proposed Development*”, not some subset of Units within the Development. Moreover, were it otherwise Applicants could reach varying conclusions on how Units that are eligible for other points should be calculated, (examples include - should the 30% AMGI units that earned the basis boost be excluded from the numerator and the denominator for income averaging? Should

¹ The Legacy at Piedmont elected Average Income under §42(g)(1)(C) of the Code and exceeds the minimum requirements (40%) of this subparagraph by setting aside 100% of the residential units as rent-restricted.
they be included but viewed as 60% units, but only for purposes of creating a synthetic average?) with each interpretation leading to different results of the average.

**QAP Analysis**

§11.4(c) Increase in Eligible Basis (30 percent Boost) subsection (3)(D) permits an Applicant to qualify for an “Increase in Eligible Basis (30 percent Boost)” if:

(D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter, or required under any other funding source from the Multifamily Direct Loan program.

In The Legacy at Piedmont Application, we restricted five (5) Units, or 10%, of the 49 total Units to support our request for the 30% Boost in housing tax credits.

§11.9(c)(2)(B) Rent Levels of Tenants states that “An Application may qualify to receive up to thirteen (13) points for rent and income restricting a Development for the entire Affordability Period” if:

(B) At least 10 percent of all Low-Income Units at 30 percent or less of AMGI or, for a Development located in a Rural Area, 7.5 percent of all Low-Income Units at 30 percent or less of AMGI (11 points).

Our Application restricted five (5) Units, or 10%, of the 49 total Units to qualify for the points under this paragraph. Please note that in making this selection we provided an additional 10% of Units at 30% AMGI beyond the commitment for the Increase in Eligible Basis which increased the total number of 30% Units from 5 to 10 Units or 20% of the entire development meeting the requirements of both Sections 11.4(c)(3)(D) Increase in Eligible Basis and 11.9(c)(2)(B) Rent Levels of Tenants.

§11.9(c)(1) Income Levels of Tenants reads that “An Application may qualify for up to sixteen (16) points for rent and income restricting a Development for the entire Affordability Period at the levels identified in subparagraph (A), (B), (C), or (D) of this paragraph.” Subparagraph C states:

(C) For any Development located within a non-Rural Area of the Dallas, Fort Worth, Houston, San Antonio, or Austin MSAs that propose to use the Average Income election under §42(g)(1)(C) of the Code: (i) The Average Income for the proposed Development will be 54% or lower (16 points). [emphasis supplied]

Our Application is electing Average Income and is eligible for the 16 points since our Average Income is 53.8%. Please note that Section 11.9(c)(1)(C) does not require additional 30% AMGI Units nor any other specific AMGI restrictions, only that the Average Income be less than or equal to 54%.

**Additional Guidance from TDHCA Documents**

When completing the Application, we reviewed the Manual, the Uniform Application Excel document and the Application Webinar Questions and Answers 2019 document in addition to the QAP; all of which lead to the same conclusion. Per the directions in the Manual for Tab 19 which addresses both Income Levels of Tenants and Rent Levels of Tenants elections, Applicants electing Average Income should refer to the worksheet included with the Rent Schedule at Tab 24 which calculated the percentage to be used for points under Income Levels of the Tenants. The Manual emphasizes with red text:
For Applications electing income averaging:
  o See the income average calculation worksheet added under Tab 24 Rent Schedule. Based on data entered in the Tab 24, the average income percentage calculation will populate in cell AE57:AI57. Changes must be made on the Rent Schedule if the average is not what the Applicant intended.

The Average Income Distribution Tool in the worksheet at Tab 24 Rent Schedule requests that Applicant insert the “Total LI Units”. In accordance with the QAP, it does not indicate that the Applicant should exclude any of the 30% AMGI units from this calculation. As mentioned above, our Rent Schedule resulted in an average of 53.8% per this worksheet (shown below) substantiating 16 points under Income Levels of Tenants.

While the Manual also provides for Tab 19 that “it is extremely important that Units at 30% AMGI are not counted for both scoring items,” it does so only in relation to a worksheet that does not apply to the Application for The Legacy at Piedmont under the heading “IMPORTANT!!! Income Levels of Tenants & Rent Levels of Tenants Worksheet – The worksheet does not apply for those Applications electing income averaging.”

Similarly, Tab 19 of the Uniform Application Excel document (shown below) provides under the heading for Applications electing 20-50 or 40-60 and before the heading for Average Income Applications that “*Applicants electing the 30% boost for additional 30% units are advised to ensure the units used to support the boost are not

---

**AVERAGE INCOME DISTRIBUTION TOOL**

<table>
<thead>
<tr>
<th>Total LI Units</th>
<th>49</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMFI Average Committed to for Points</td>
<td>54.00</td>
</tr>
<tr>
<td>Development AMFI Average</td>
<td>53.87755</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>AMFI Brackets</th>
<th>Total Units by Unit Type (Number of Bedrooms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedrooms</td>
<td>20</td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Total Units</td>
<td>0</td>
</tr>
</tbody>
</table>

![If average income is elected, 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations MUST be dispersed across all Unit Types in a manner that does not violate fair housing laws.](image)

![This Development is missing](image) 0 Units

Are you missing Units?
The Application Webinar Questions and Answers 2019 additionally provides that “market rate Units are not used in the calculation of the Average Income for a Development. Only rent-restricted Units, which range from 20% to 80% AMFI, are used.” It does not indicate that any rent-restricted units are to be excluded or modified for the calculation. This is the intended benefit of adding the Average Income option; it allows the Applicant to elect a mix of low-income units, and the units designations can change to any combination of 20%, 30%, 40%, 50%, 60%, 70% or 80% as long as the overall low-income percentage remains at or below 54% AMGI throughout the affordability period.

We would like to share one last observation: There were nine (9) Applications in 2019 spread across Texas that elected Average Income and sought points under both Sections 11.9(c)(1) Income Level of Tenants and 11.9(c)(2) Rent Levels of Tenants. Not a single one of these Applicants excluded any 30% AMGI Units for purposes of calculating their Average and Justifying their scoring request. Rather, they too concluded that neither additional 30% AMGI Units nor additional deeper skewing were required under Section 11.9(c)(1) Income Level of Tenants of the QAP. Note that three of the referenced Applications, shown below, are listed in the TDHCA Application Log as having completed the programmatic review process without having to increase the number of 30% AMGI Units. We believe this suggests that staff is misinterpreting this section of the QAP and applying the rule
inconsistently. Further, at the TDHCA Income Averaging Roundtable on May 25, 2018, one of the TDHCA guidelines under Scoring for the QAP and other MF Rules states “We do not want to provide uninformed incentives for aggressive election structures [emphasis supplied] that might place a development at risk in an effort to secure points.” This statement is counter to the Administrative Deficiency received which seemingly incentivizes deeper skewing of rents.

<table>
<thead>
<tr>
<th>App #</th>
<th>Development Name</th>
<th>Urban/Rural</th>
<th>Total Low-Income Units</th>
<th>Elected points under §11.9(c)(2)</th>
<th>Average Income committed for points under §11.9(c)(1)</th>
<th>Average Income</th>
<th>Review Status</th>
<th>Underwriting Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>19109</td>
<td>Verdin Square</td>
<td>Urban</td>
<td>87</td>
<td>Yes</td>
<td>54%</td>
<td>53.8%</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>19234</td>
<td>The Residences at Alsbury</td>
<td>Urban</td>
<td>72</td>
<td>Yes</td>
<td>54%</td>
<td>53.8%</td>
<td>C</td>
<td>UR</td>
</tr>
<tr>
<td>19237</td>
<td>Gatesville Trails</td>
<td>Rural</td>
<td>48</td>
<td>Yes</td>
<td>55%</td>
<td>55.0%</td>
<td>C</td>
<td>UR</td>
</tr>
</tbody>
</table>

**Conclusion**

In conclusion, we believe that targeting 20% of the total Low-Income Units at The Legacy at Piedmont qualifies the Application for the 30% Basis Boost and the 11 points for Rent Levels of the Tenants. Further, our Application is utilizing Average Income and is eligible for the full 16 points under Section 11.9(c)(1)(C) since our Average Income is 53.8%.

Upon your review, should you have any questions or require additional information, please do not hesitate to contact us at your convenience.

Respectfully,

Dan Wilson
Authorized Representative of The Legacy at Piedmont, LP
dwilson@apcompanies.com
Scoring Notification and Proper Calculation
July 11, 2019

Dan Wilson
The Legacy at Piedmont, LP
161 NW 6th Street, Ste. 1020
Miami, FL 33136

RE: NOTICE OF SCORING ADJUSTMENT: 19003 LEGACY AT PIEDMONT LOFTS, SAN ANTONIO

Dear Mr. Wilson:

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the Application named above. Upon review, staff determined that the Application did not include enough 30% Units to qualify for the increase in eligible basis (the boost) and for points. Staff issued a deficiency notice, and the Applicant answered timely, asserting that the application should qualify for the boost and for all requested points. 10 TAC §11.4(c) of the 2019 Qualified Allocation Plan (QAP) related to Increase in Eligible Basis, includes eight separate criteria an Applicant may use to qualify for the boost. Unlike the Applications cited in the deficiency response, this Application elected item (3)(D), which states:

(D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter, or required under any other funding source from the Multifamily Direct Loan program; (emphasis added)

Your response to the deficiency notice appears to show that the Application included enough 30% Units to qualify for the boost and for 11 points under 10 TAC §11.9(c)(2) related to Rent Levels of Tenants. Because the Application does not include enough 30% Units to support the boost and scoring under 10 TAC §11.9(c)(1) related to Income Levels of Tenants, the Application is not eligible for 16 points requested under that item, subject to your ability to appeal.

An appeals process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in §11.902 of the 2019 QAP. If you wish to appeal this decision to the Executive Director, the appeal must be filed, in writing, with the Department not later than seven (7) calendar days after the date of this notification. Please review §11.902 of the 2019 QAP
for full instruction on the appeals process. Also, if you would like to have your Application listed on the agenda for the next board meeting should the Executive Director deny your appeal, please inform us of your desire to be listed by July 17, 2019, and provide your appeal response by 5:00 p.m. on July 18, 2019 (earlier if possible). Please note that §11.902(f) of the 2019 QAP and Tex. Gov’t Code §2306.6715(c) limit Board review of an Application on appeal to the original Application and those documents contained within the Application.

If you have questions or require further information, please contact me.

Sincerely,

Sharon D. Gamble
Competitive HTC Administrator
**AVERAGE INCOME DISTRIBUTION TOOL**

This worksheet is not required to be included with the .pdf Application.

<table>
<thead>
<tr>
<th>Total LI Units</th>
<th>44</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMFI Average Committed to for Development</td>
<td>54.00</td>
</tr>
<tr>
<td>AMFI Average</td>
<td>56.591</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>AMFI Brackets</th>
<th>20</th>
<th>30</th>
<th>40</th>
<th>50</th>
<th>60</th>
<th>70</th>
<th>80</th>
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<tbody>
<tr>
<td>Total Units by Unit Type (Number of Bedrooms)</td>
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<td>5</td>
<td>0</td>
<td>0</td>
<td>39</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit Type (Number of Bedrooms)</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tr>
<td>1</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Total Units | 44 |

If average income is elected, 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations MUST be dispersed across all Unit Types in a manner that does not violate fair housing laws.
Board Appeal Documents
July 17, 2019

VIA E-MAIL TRANSMISSION

Mr. David Cervantes
Acting Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX  78711-3941

Re: Appeal for Scoring Notice
TDHCA No. 19003 – The Legacy at Piedmont

Dear David:

Our Firm represents the Applicant for Housing Tax Credits related to the Development referenced above. This letter responds to the Notice of Scoring Adjustment issued July 11, 2019 in which TDHCA removed the Applicant’s points under §11.9(c)(1) of the Qualified Allocation Plan (the "QAP") regarding Income Levels of Tenants. Specifically, TDHCA stated:

"the Application included enough 30% Units to qualify for the boost and for 11 points under 10 TAC §11.9(c)(2) related to Rent Levels of Tenants. [But] [b]ecause the Application does not include enough 30% Units to support the boost and scoring under 10 TAC §11.9(c)(1) related to Income Levels of Tenants, the Application is not eligible for 16 points requested under that item."

The above statement is not supported by the QAP. The Applicant has met each and all of these provisions. Therefore, the Applicant hereby appeals the staff’s decision to remove the points, and the points should be restored.

1 Capitalized terms used but not defined in this letter will have the meanings given them in the 2019 Qualified Allocation Plan.
Legal Analysis

The Applicant proposes a Development with 49 low-income Units, which will qualify under three provisions of the QAP:

1. Section 11.9(c)(1)(C)(i), which provides points if the "Average Income for the proposed Development will be 54% or lower" ("Income Averaging");

2. Section 11.9(c)(2)(B), which provides points for restricting "at least 10 percent of all Low-Income Units at 30 percent or less of AMGI" ("Rent Levels"); and

3. Section 11.4(c)(3)(D), which provides a boost in basis if "the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI" ("Basis Boost"). The Basis Boost also provides that such "Units must be in addition to Units required under any other provision of this chapter" (the "Exclusion").

The Application (i) commits the Development to an Average Income of 53.88%, meeting the Income Averaging requirement; (ii) sets aside 5 of the Units (10%) at 30% AMGI, meeting the Rent Levels requirement; and (iii) sets aside an additional 5 of the Units (10%) at 30% AMGI, meeting the Basis Boost and Exclusion requirements. Thus, the Application clearly qualifies for all three provisions.

Nonetheless, TDHCA has taken the position that the Exclusion mandates that the 5 Units being used to meet the Basis Boost should be removed from the calculation for Income Averaging. And, if those Units are removed from the calculation, the Development will not meet the 54% threshold and will not qualify for the points under Section 11.9(c)(1)(C)(i). But the plain language of the Exclusion does not support this position. The Exclusion, on the one hand, provides that Units set aside for Basis Boost must be in addition to any other "Units required." Income Averaging, on the other hand, does not require any specific Units to be set aside. Income Averaging only requires the Development to meet a certain overall threshold Average Income. And the Development does so.

The 2018 Uniform Application Excel workbook (the "Application Form") supports the position that the Exclusion does not apply to Income Averaging. Relevant portions of the Application Form are enclosed as Attachment 1. The Average Income Distribution Tool at Tab 24 requires the Applicant input all low-income Units into the matrix and provides the output "Development AMFI Average." If any Units are left out, the Application provides a large, red warning "This Development is Missing __ Units." TDHCA clearly created the Application such that no Units should be excluded from the Income Averaging calculation. Thus, the Applicant was unable to exclude the Units utilized to satisfy the Basis Boost from the Income Averaging calculation.

Similarly, Tab 19 of the Application Form requires the Applicant select between the "20-50 or 40-60 election" or the "Average Income election". When an Applicant selects, the "20-50 or 40-60
When the plain language of the QAP states that points will be awarded under Section 11.9(c)(1)(C)(i) if the "Average Income for the proposed Development will be 54% or lower" and the QAP and the Application do not clearly instruct an Applicant to exclude any Units from that calculation, and when the Application meets the plain language of the QAP, the points must be awarded.

To the extent there is lack of clarity on this issue in the QAP, we believe it stems from the implementation of the new income averaging provisions from Section 42. TDHCA has a long-standing commitment to incentivize Applications that serve residents with incomes below the 60% AMFI threshold. Traditionally, points were awarded based upon setting aside a certain number of Units for residents at certain lower income levels ("Deep Skewing"). To avoid double-dipping, any Units committed to meet the Basis Boost were not counted in the Units utilized for Deep Skewing.

When TDHCA added Income Averaging to the 2019 QAP for the first time, it mixed an apple with an orange in Section 11.9(c)(1). An Applicant can be awarded points for Deep Skewing under subparagraphs (A) or (B) by committing to reserve a particular number of Units for lower income residents. Or, an Applicant can be awarded points for Income Averaging under subparagraphs (C) or (D) by committing to an average resident income over the entire Development of something less than 60% AMFI. The calculations are totally different in concept and methodology. Deep Skewing requires certain Units to be set aside. Income Averaging does not; an average can be met by having Units at a variety of income levels, without any specific income level being required to achieve the desired result. Thus, the Exclusion applies to Deep Skewing but does not apply to Income Averaging.

If TDHCA intended a different result for its implementation of Income Averaging, it did not communicate it. The plain language of the QAP directs that the Exclusion does not apply to Income Averaging, and the Application Form supports this. TDHCA had many opportunities to take an alternative position. But nowhere in the QAP, Application, Manuals, Application Webinars, or QAP Roundtables, did TDHCA indicate that the Exclusion applied to Income Averaging or how such a policy would be applied. Using an Average Income concept is very
different than the traditional unit set-asides. To treat the apples as oranges may yield a result desired by staff, but Applicants must follow the QAP and the instructions in the Application, which plainly treat the apples and oranges differently.

**Concluding Remarks**

Section 11.9(c) of the QAP was changed between 2018 and 2019 to implement a change in federal law to allow income averaging. TDHCA chose to craft this new provision on a Development basis and chose not to adjust the Exclusion to apply to anything other than Deep Skewing. TDHCA Board Books reveal that this change to the QAP received no comments during the public comment period. The lack of commentary indicates that the Applicant community understood what TDHCA was expecting and agreed this change was appropriate for the competitive process. Our client read the plain language of the rule and completed the Application as directed. TDHCA cannot remove points for an expectation that was not clearly articulated. If the result is not what TDHCA intends, then it should change the QAP for 2020 to ensure its expectations are met. **We respectfully request that 16 points under Section 11.9(c)(1)(C)(i) be reinstated because the "Average Income for the proposed Development will be 54% or lower."**

Alternatively, if TDHCA firmly believes that the Exclusion should apply to Income Averaging, we believe this is an inconsistency in the Application which should be addressed with an Administrative Deficiency. The Applicant should be allowed to remove the 5 Units from the Income Averaging calculation and calculate it based upon 44 Units (as suggested in the Notice of Scoring Adjustment) instead of 49 Units (as required by the Application workbook). The Applicant can submit revised Application pages and applicable supporting documentation to address this inconsistency.

If there are any questions about this appeal, we are happy to address them. Thank you.

Sincerely,

Cynthia L. Bast
Attachment 1

Application Form Tab 24:

**AVERAGE INCOME DISTRIBUTION TOOL**

This worksheet is not required to be included with the .pdf Application.

<table>
<thead>
<tr>
<th>AMFI Brackets</th>
<th>Total Li Units</th>
<th>AMFI Average Committed to for Points</th>
<th>Development AMFI Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>49</td>
<td>54.00</td>
<td>47.7551</td>
</tr>
</tbody>
</table>

If average income is elected, 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations MUST be dispersed across all Unit Types in a manner that does not violate fair housing laws.

Application Form Tab 24, with Units left out:

<table>
<thead>
<tr>
<th>AMFI Brackets</th>
<th>Total Units by Unit Type (Number of Bedrooms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedrooms</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
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<tr>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

This Development is missing 0 units

If average income is elected, 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations MUST be dispersed across all Unit Types in a manner that does not violate fair housing laws.
### Application Form Tab 19:

#### Income Levels of Residents [Competitive HTC Applications only] [10 TAC §11.9(c)(1)]

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application proposes to use the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(D) of the Code, respectively.</td>
<td>O</td>
</tr>
<tr>
<td>Total Number of Units at 50% or less of AMGI</td>
<td></td>
</tr>
<tr>
<td>Number of 30% Units used to score points under §11.9(c)(2)*</td>
<td></td>
</tr>
<tr>
<td>Number of 30% Units used under §11.4(c)(3)(D) regarding an Increase in Eligible Basis (30% boost)</td>
<td></td>
</tr>
<tr>
<td>Number of Units at 50% or less of AMGI available to use for points under §11.9(c)(1)</td>
<td></td>
</tr>
<tr>
<td>Percentage used for calculation of eligible points under §11.9(c)(1)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA; or</td>
<td>0</td>
</tr>
<tr>
<td>Development proposed in all other areas.</td>
<td>0</td>
</tr>
</tbody>
</table>

*Applicants electing the 30% boost for additional 30% units are advised to ensure the units used to support the boost are not included in the units needed to achieve the Application's scoring elections.

#### OR

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application proposes to use the Average Income election under §42(g)(1)(C) of the Code, and</td>
<td></td>
</tr>
<tr>
<td>Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA</td>
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</tr>
<tr>
<td>The Average Income for the proposed Development will be 54% or lower (16 points).</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Development proposed in all other areas.</td>
<td></td>
</tr>
</tbody>
</table>

Application is seeking points for Income Levels of Residents. Points Claimed: 0
July 18, 2019

David Cervantes
Acting Executive Director
Texas Department of Housing and Community Affairs
Multifamily Division
221 East 11th Street
Austin, Texas 78701

RE: The Legacy at Piedmont – Scoring Notice Appeal for TDHCA #19003

Dear Mr. Cervantes,

Please accept this correspondence as an Appeal to the Scoring Notice received on July 11th which stated that:

Staff determined that the Application did not include enough 30% Units to qualify for the increase in eligible basis (the boost) and for points... Unlike the Applications cited in the deficiency response, this Application elected item (3)(D), which states:

(D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter, or required under any other funding source from the Multifamily Direct Loan program; (emphasis added)

Your response to the deficiency notice appears to show that the Application included enough 30% Units to qualify for the boost and for 11 points under 10 TAC §11.9(c)(2) related to Rent Levels of Tenants. Because the Application does not include enough 30% Units to support the boost and scoring under 10 TAC §11.9(c)(1) related to Income Levels of Tenants, the Application is not eligible for 16 points requested under that item, subject to your ability to appeal.

The referenced Administrative Deficiency received on July 2nd stated:

Within the income averaging set-side, this application proposes a unit mix that is sufficient to score 16 points for Income Levels of Tenants and 11 points for Rent Levels of Tenants. However, this scoring requires the application of all 30% units in the Rent Schedule, and none remain to achieve eligibility for the 30% increase in eligible basis. The applicant has the choice of either scoring the 11 points for Rent Levels of Tenants or increasing eligible basis by 30%.

We respectfully disagree with staff’s interpretation as indicated in the Scoring Notice. We assert that our Application qualifies for the 30% Eligible Basis Boost, 11 points for Rent Levels of Tenants and 16 points for Income Levels of Tenants, based on the below analysis of the plain language of the QAP, which is reinforced repeatedly in multiple documents created by TDHCA as guidance, including the 2019 Multifamily Programs Application Procedures Manual (“Manual”), the Uniform Application Excel document and the Application Webinar Questions and Answers 2019. The language under Income Levels of Tenants relating to Average Income Applications is new to the QAP in 2019, which means this is the first time TDHCA has had to review how it should
be applied. As detailed below, there is only one way to interpret the intent of Section 11.9(c)(1)(C) of the QAP relating to Income Levels of Tenants and the supplementary TDHCA-created documents, as written, which is that the Average Income is derived from all low-income units.

The Administrative Deficiency indicated that if an Average Income Applicant elects points under Income Levels of Tenants and Rent Levels of Tenants, it requires “the application of” all 30% AMGI Units with the apparent result being that “none remain to achieve eligibility for the 30% increase in eligible basis”. Similarly, the Scoring Notice indicates that “because the Application does not include enough 30% Units to support the boost and scoring under 10 TAC §11.9(c)(1) related to income Levels of Tenants, the Application is not eligible for 16 points requested under that item.” Please note however, there is nothing in the QAP that indicates that the points awarded for the Income Levels of Tenants invalidate or modify any of the individual AMGIs being averaged nor does it require any 30% AMGI Units nor designation of any other specific AMGI restrictions. Income Levels of Tenants only requires that the Average Income for the Proposed Development be less than or equal to 54%. In other words, the Average Income is derived from the entire Rent Schedule\(^1\) (Tab 24 of the Excel application) for the proposed Development, whether or not components of that schedule also make the Applicant eligible for other points. Further, based on the requirements of the QAP and the information in the supplemental documents, it is impermissible to calculate the Average Income using anything other than the entire Rent Schedule, including all Low-Income Units, similar to how many other scoring items in the QAP are calculated. Section 11.9(c)(1) specifically requires the Average Income “for the proposed Development”, not some subset of Units within the Development. Moreover, were it otherwise, Applicants could reach varying conclusions on how Units that are eligible for other points should be calculated with each interpretation leading to different results of the average.

**QAP Analysis**

\(\text{§11.9(c)(2)(B) Rent Levels of Tenants\text{ states that “An Application may qualify to receive up to thirteen (13) points for rent and income restricting a Development for the entire Affordability Period” if:}}\)

\[\text{(B) At least 10 percent of all Low-Income Units at 30 percent or less of AMGI or, for a Development located in a Rural Area, 7.5 percent of all Low-Income Units at 30 percent or less of AMGI (11 points).}\]

Our Application restricted five (5) Units, or 10%, of the 49 total Units to qualify for the points under this paragraph.

\(\text{§11.4(c) Increase in Eligible Basis (30 percent Boost) subsection (3)(D) permits an Applicant to qualify for an “Increase in Eligible Basis (30 percent Boost)” if:}\)

\[\text{(D) the Applicant elects to restrict an additional 10 percent of the proposed low income Units for households at or below 30 percent of AMGI. These Units must be in addition to Units required under any other provision of this chapter, or required under any other funding source from the Multifamily Direct Loan program.}\]

The Legacy at Piedmont restricted five (5) Units, or 10%, of the 49 total Units to support our request for the 30% Boost in housing tax credits. In making this selection, we provided an additional 10% of Units at 30% AMGI beyond the commitment for the Rent Levels of Tenants, meeting the requirements of both Sections 11.9(c)(2)(B) Rent Levels of Tenants and 11.4(c)(3)(D) Increase in Eligible Basis. This follows the QAP precisely, which as TDHCA

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\(^1\) The Legacy at Piedmont elected Average Income under §42(g)(1)(C) of the Code and exceeds the minimum requirements (40%) of this subparagraph by setting aside 100% of the residential units as rent-restricted.
emphasizes in the Scoring Notice, states that, “these Units must be in addition to Units required under any other provision of this chapter” (emphasis added).

These Units were designated as 30% AMGI in addition to those required to be designated as such under any other provision, but they were not subtracted from the total number of Low-Income Units considered. It is critical to understand that subtracting these Units from the total number of Low-Income Units included for eligibility of other provisions of this chapter, would be contrary to how this has been historically viewed and would have unintended consequences².

§11.9(c)(1) Income Levels of Tenants reads that “An Application may qualify for up to sixteen (16) points for rent and income restricting a Development for the entire Affordability Period at the levels identified in subparagraph (A), (B), (C), or (D) of this paragraph.” Subparagraph C states:

(C) For any Development located within a non-Rural Area of the Dallas, Fort Worth, Houston, San Antonio, or Austin MSAs that propose to use the Average Income election under §42(g)(1)(C) of the Code:

(i) The Average Income for the proposed Development will be 54% or lower (16 points). (emphasis added)

Our Application is electing Average Income and is eligible for the 16 points since our Average Income is 53.8%. The Scoring Notice indicates that “because the Application does not include enough 30% Units to support the boost and scoring under 10 TAC §11.9(c)(1) related to Income Levels of Tenants, the Application is not eligible for 16 points requested under that item, subject to your ability to appeal,” however, Section 11.9(c)(1)(C) does not require additional 30% AMGI Units nor any other specific AMGI restrictions, only that the Average Income for the Proposed Development be less than or equal to 54%.

Additional Guidance from TDHCA Documents

When completing the Application, we reviewed the Manual, the Uniform Application Excel document and the Application Webinar Questions and Answers 2019 document in addition to the QAP; all of which lead to the same conclusion. Per the directions in the Manual for Tab 19 which addresses both Income Levels of Tenants and Rent Levels of Tenants elections, Applicants electing Average Income should refer to the worksheet included with the Rent Schedule at Tab 24 which calculated the percentage to be used for points under Income Levels of the Tenants. The Manual emphasizes with red text:

For Applications electing income averaging:

- See the income average calculation worksheet added under Tab 24 Rent Schedule. Based on data entered in the Tab 24, the average income percentage calculation will populate in cell AE57:AI57. Changes must be made on the Rent Schedule if the average is not what the Applicant intended.

The Average Income Distribution Tool in the worksheet at Tab 24 Rent Schedule requests that Applicant insert the “Total LI Units”. In accordance with the QAP, it does not indicate that the Applicant should exclude any of the 30% AMGI units from this calculation. As mentioned above, our Rent Schedule resulted in an average of 53.8% per this worksheet (shown below) substantiating 16 points under Income Levels of Tenants.

² Reducing the total Low-Income Units from the calculation would affect Applicants’ eligibility under seven (7) scoring items, which provide up to sixty-nine (69) points, including those under the following Sections: 11.9(c)(1) Income Levels of Tenants; 11.9(c)(2) Rent Levels of Tenants; 11.9(c)(6) Tenant Populations with Special Needs; 11.9(e)(1) Financial Feasibility; 11.9(e)(2) Cost of Development per Square Foot; 11.9(e)(4) Leveraging of Private, State, and Federal Resources; and 11.9(e)(6) Historic Preservation.
While the Manual also provides for Tab 19 that "it is extremely important that Units at 30% AMGI are not counted for both scoring items," it does so only in relation to a worksheet that does not apply to the Application for The Legacy at Piedmont under the heading "IMPORTANT!!! Income Levels of Tenants & Rent Levels of Tenants Worksheet – The worksheet does not apply for those Applications electing income averaging."

Similarly, Tab 19 of the Uniform Application Excel document (shown below) provides under the heading for Applications electing 20-50 or 40-60 and before the heading for Average Income Applications that "*Applicants electing the 30% boost for additional 30% units are advised to ensure the units used to support the boost are not included in the units needed to achieve the Application’s scoring elections." Furthermore, note that this is provided as an asterisk (*) note in relation to Section 11.9(c)(2) Rent Levels of Tenants and not in relation to Section 11.9(c)(1) Income Levels of Tenants.
The Application Webinar Questions and Answers 2019 additionally provides that “market rate Units are not used in the calculation of the Average Income for a Development. Only rent-restricted Units, which range from 20% to 80% AMFI, are used.” It does not indicate that any rent-restricted units are to be excluded or modified for the calculation. This is the intended benefit of adding the Average Income option; it allows the Applicant to elect a mix of low-income units, and the units designations can change to any combination of 20%, 30%, 40%, 50%, 60%, 70% or 80% as long as the overall low-income percentage remains at or below 54% AMGI throughout the affordability period.

We would like to share one last observation: There were nine (9) Applications in 2019 spread across Texas that elected Average Income and sought points under both Sections 11.9(c)(1) Income Level of Tenants and 11.9(c)(2) Rent Levels of Tenants. Not a single one of these Applicants excluded any 30% AMGI Units for purposes of calculating their Average and justifying their scoring request. Rather, they too concluded that neither additional 30% AMGI Units nor additional deeper skewing were required under Section 11.9(c)(1) Income Level of Tenants of the QAP. Note that three of the referenced Applications, shown below, are listed in the TDHCA Application Log as having completed the programmatic review process without having to increase the number of 30% AMGI Units. We believe this suggests that staff is misinterpreting this section of the QAP and applying the rule inconsistently. Further, at the TDHCA Income Averaging Roundtable on May 25, 2018, one of the TDHCA guidelines under Scoring for the QAP and other MF Rules states “We do not want to provide uninformed incentives for aggressive election structures that might place a development at risk in an effort to secure points”
(emphasis added). This statement is counter to the Administrative Deficiency received which seemingly incentivizes deeper skewing of rents.

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**Conclusion**

In conclusion, we agree with the Scoring Notice in that targeting 20% of the total Low-Income Units at The Legacy at Piedmont qualifies the Application for the 30% Basis Boost and the 11 points for Rent Levels of the Tenants. However, because our Application is utilizing Average Income and our Average is 53.8%, it is additionally eligible for the full 16 points under Section 11.9(c)(1)(C).

Upon your review, should you have any questions or require additional information, please do not hesitate to contact us at your convenience. Also note, should the TDHCA deny the appeal, we would seek to appeal to the Board and would like to have or Application listed on the agenda for the next Board meeting.

Respectfully,

Dan Wilson
Authorized Representative of The Legacy at Piedmont, LP
dwilson@apcompanies.com
July 18, 2019

David Cervantes
Acting Executive Director
Texas Department of Housing and Community Affairs
Multifamily Division
221 East 11th Street
Austin, Texas 78701

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We respectfully disagree with staff’s interpretation as indicated in the Scoring Notice. We assert that our Application qualifies for the 30% Eligible Basis Boost, 11 points for Rent Levels of Tenants and 16 points for Income Levels of Tenants, based on the below analysis of the plain language of the QAP, which is reinforced repeatedly in multiple documents created by TDHCA as guidance, including the 2019 Multifamily Programs Application Procedures Manual (“Manual”), the Uniform Application Excel document and the Application Webinar Questions and Answers 2019. The language under Income Levels of Tenants relating to Average Income Applications is new to the QAP in 2019, which means this is the first time TDHCA has had to review how it should
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**QAP Analysis**

§11.9(c)(2)(B) Rent Levels of Tenants states that “An Application may qualify to receive up to thirteen (13) points for rent and income restricting a Development for the entire Affordability Period” if:

(B) At least 10 percent of all Low-Income Units at 30 percent or less of AMGI or, for a Development located in a Rural Area, 7.5 percent of all Low-Income Units at 30 percent or less of AMGI (11 points).

Our Application restricted five (5) Units, or 10%, of the 49 total Units to qualify for the points under this paragraph.

§11.4(c) Increase in Eligible Basis (30 percent Boost) subsection (3)(D) permits an Applicant to qualify for an “Increase in Eligible Basis (30 percent Boost)” if:

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§11.9(c)(1) Income Levels of Tenants reads that “An Application may qualify for up to sixteen (16) points for rent and income restricting a Development for the entire Affordability Period at the levels identified in subparagraph (A), (B), (C), or (D) of this paragraph.” Subparagraph C states:

(C) For any Development located within a non-Rural Area of the Dallas, Fort Worth, Houston, San Antonio, or Austin MSAs that propose to use the Average Income election under §42(g)(1)(C) of the Code:

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Reducing the total Low-Income Units from the calculation would affect Applicants’ eligibility under seven (7) scoring items, which provide up to sixty-nine (69) points, including those under the following Sections: 11.9(c)(1) Income Levels of Tenants; 11.9(c)(2) Rent Levels of Tenants; 11.9(c)(6) Tenant Populations with Special Needs; 11.9(e)(1) Financial Feasibility; 11.9(e)(2) Cost of Development per Square Foot; 11.9(e)(4) Leveraging of Private, State, and Federal Resources; and 11.9(e)(6) Historic Preservation.
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We would like to share one last observation: There were nine (9) Applications in 2019 spread across Texas that elected Average Income and sought points under both Sections 11.9(c)(1) Income Level of Tenants and 11.9(c)(2) Rent Levels of Tenants. Not a single one of these Applicants excluded any 30% AMGI Units for purposes of calculating their Average and justifying their scoring request. Rather, they too concluded that neither additional 30% AMGI Units nor additional deeper skewing were required under Section 11.9(c)(1) Income Level of Tenants of the QAP. Note that three of the referenced Applications, shown below, are listed in the TDHCA Application Log as having completed the programmatic review process without having to increase the number of 30% AMGI Units. We believe this suggests that staff is misinterpreting this section of the QAP and applying the rule inconsistently. Further, at the TDHCA Income Averaging Roundtable on May 25, 2018, one of the TDHCA guidelines under Scoring for the QAP and other MF Rules states “We do not want to provide uninformed incentives for aggressive election structures that might place a development at risk in an effort to secure points”
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**Conclusion**

In conclusion, we agree with the Scoring Notice in that targeting 20% of the total Low-Income Units at The Legacy at Piedmont qualifies the Application for the 30% Basis Boost and the 11 points for Rent Levels of the Tenants. However, because our Application is utilizing Average Income and our Average is 53.8%, it is additionally eligible for the full 16 points under Section 11.9(c)(1)(C).

Upon your review, should you have any questions or require additional information, please do not hesitate to contact us at your convenience. Also note, should the TDHCA deny the appeal, we would seek to appeal to the Board and would like to have or Application listed on the agenda for the next Board meeting.

Respectfully,

Dan Wilson
Authorized Representative of The Legacy at Piedmont, LP
dwilson@apcompanies.com
BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 25, 2019

Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2019-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

RECOMMENDED ACTION

WHEREAS, the Board previously authorized release of the 2019-1 Multifamily Direct Loan Notice of Funding Availability (2019-1 NOFA) for up to $34,557,797, which included $11.5 million in Tax Credit Assistance Program loan repayments (TCAP Repayment Funds or TCAP RF), $9,638,041 in National Housing Trust Fund (NHTF), $8,919,756 in HOME funds, and $4.5 million in NSP Round 1 Program Income (NSP1 PI), with the Application acceptance period beginning on January 14, 2019;

WHEREAS, the NOFA has previously been amended and has been further amended through two separate action items on the agenda for this meeting, increasing the amount available to $57,743,041;

WHEREAS, the Department has previously awarded $6,150,000 in Direct Loan funds to three Applications, leaving an available balance of $51,593,041;

WHEREAS, HOME and NHTF awards totaling $31,060,000 are being recommended under this Board item, which will result in $20,533,041 remaining available, of which $10 million in requests are currently under review;

WHEREAS, the Department has received 25 eligible Applications layered with 2019 9% Housing Tax Credits (HTC) by the Application deadline, with requests totaling $55,078,796 for Multifamily Direct Loan (MFDL) awards under the NOFA;

WHEREAS, eight eligible 9% HTC layered Applications with Development Sites ineligible for HOME funds under the General set-aside received notices of oversubscription for Direct Loan funds in accordance with 10 TAC §13.5(f), one of which will be maintained on the waiting list for 9% HTC, one of which revised their Application to request Direct Loan funds from an undersubscribed set-aside (Supportive Housing/ Soft Repayment) and is included among the 14 award recommendations under this Board item, and six of which subsequently revised their financing to replace Direct Loan funds with other sources and are being recommended for 9% HTC without Direct Loan funds;
WHEREAS, 14 Applications have received reviews for compliance with program and previous participation requirements while [number] have received reviews for underwriting as of the time of this supplemental posting and are ranked as priority 9% HTC layered Applications under the NOFA;

WHEREAS, 12 priority 9% HTC layered Applications are eligible for HOME funds under the General set-aside totaling no more than $27,945,000 based upon current underwriting, which is being finalized;

WHEREAS, three 9% HTC layered Applications with Development Sites in Corpus Christi are eligible for HOME funds by virtue of Tex. Gov’t Code §2306.111(c)(1) being waived for Hurricane Harvey impacted areas by the Office of the Governor;

WHEREAS, two priority 9% HTC layered Applications are eligible for NHTF funds under the Supportive Housing/ Soft Repayment (SH/SR) set-aside totaling no more than $3,115,000 based upon the Applicants’ request, subject to underwriting and final program review and approval; and

WHEREAS, none of the 2019 9% HTC layered Applications will receive a Direct Loan award under the Priority 2 designation unless the 2019 9% HTC are also awarded as anticipated at the Board meeting of July 25, 2019;

NOW, therefore, it is hereby

RESOLVED, that awards of HOME funding under the General set-aside from the 2019-1 NOFA totaling no more than $27,945,000, including $2,500,000 for Casa de Manana Apartments (19051), $3,000,000 for Riverwood Commons II (19179), $2,745,000 for Heritage Heights at Big Spring (19202), up to $3,400,000 for Lakeridge Villas (19214), $1,050,000 for The Residences at Alsbury (19234), $950,000 for The Reserves at Saddleback Ranch (19235), $950,000 for Tool Cedar Trails (19236), $2,850,000 for Franklin Trails (19238), $1,700,000 for The Residences at Overlook Ridge (19304), $2,475,000 for Avanti at South Bluff (19332), $2,525,000 for Heritage Estates at Huntsville (19365), and $3,800,000 for Avanti Legacy Bayside (19367) are hereby approved in the form presented at this meeting, and as amended by the Board for any appeals or tax credit allocation decisions previously heard and determined;

FURTHER RESOLVED, that awards of NHTF funding under the SH/SR set-aside from the 2019-1 Multifamily Direct Loan NOFA totaling no more than $3,115,000, including $2,000,000 for Foundation Village (19053) and $1,115,000 for Heritage Heights at Abilene (19216), are hereby approved in the form presented at this meeting, and as amended by the Board for any appeals or tax credit allocation decisions previously heard and determined;

FURTHER RESOLVED, that these MDFL awards are subject to the Board subsequently awarding the Applicants 2019 9% HTC at this Board meeting;
FURTHER RESOLVED, that should the financial mechanisms needed to expend funds by the Department not be timely setup, as detailed in the action items for the Second and Third Amendments to the 2019-1 NOFA, the Department will use its existing prior year HOME funding for Applications 19051, 19179, and 19365, as they have elected points in accordance with 10 TAC §11.9(c)(8), which will allow those Applicants to close HOME financing by November 30, 2019;

FURTHER RESOLVED, that Applications 19053 and 19216 must have fulfilled all conditions to be able to enter into a Contract with the Department on or before February 5, 2020, or they may lose access to the NHTF funding in whole or in part, because HUD requires that the Department commit 2017 NHTF funding by that date;

FURTHER RESOLVED, that reductions to awarded amount or changes to the interest rate as a result of completed underwriting and/or future reevaluations by Real Estate Analysis staff may be approved by the Acting Director and reported to the Board, or the Acting Director may, in his or her sole discretion, bring the matter to the Board to approve, disapprove or otherwise address;

FURTHER RESOLVED, that failure by an awardee under the NOFA to submit a fully completed environmental review including any applicable reports to the Department up to 90 days after the award in accordance with 10 TAC §13.11(c), may result in penalty or termination of the award;

FURTHER RESOLVED, that the Board’s approval is conditioned upon satisfaction of all conditions of Executive Award Review and Advisory Committee (as further described in the Board item awarding the 2019 9% HTC at this Board meeting), underwriting conditions, conditions previously approved by the Board regarding 10 TAC §11.101(a)(2) related to Undesirable Site Features, and 10 TAC §11.101(a)(3) related to Neighborhood Risk Factors, the conditions included in the Background of this Action item, and completion of any other reviews required to ensure compliance with all applicable rules and requirements for Direct Loan funds, including but not limited to a 24 CFR Part 58 environmental review as applicable for HOME funds, and a NHTF environmental review under 24 CFR §93.301(f)(1); and

FURTHER RESOLVED, that 2019 9% HTC Applications that do not receive a 2019 HTC Application award today, regardless of whether or not they have previously requested MFDL funds, will be considered Priority 3 Applications in accordance with 10 TAC §13.4(c)(3) should they come off the waiting list before November 26, 2019, or decide to to apply to revise their financing subject to federal and state rules, including but not limited to 10 TAC §13.3(e)(13) and 13.8(h)(2)(C), and the 2019-1 NOFA, or the rules and NOFA in effect at the time of a future Application.

BACKGROUND
On December 21, 2018, the 2019-1 NOFA was published in the Texas Register announcing the availability of up to $34,557,797, which has subsequently been amended to increase the amount available to $57,743,041 within four set-asides:

- $11,638,041 in Supportive Housing/ Soft Repayment set-aside, composed of $2 million in TCAP RF and $9,638,041 in National Housing Trust Fund
- $500,000 of HOME funds under the CHDO set-aside
- $2 million in TCAP RF under the Preservation set-aside
- $43,605,000 in the General set-aside, composed of $27,945,000 in HOME, $4.5 million in NSP1 Program Income, and $11,160,000 in TCAP RF.

Should the awards under this action be approved, approximately $20,533,041 will remain available under the NOFA with $8,023,041 under the Supportive Housing/Soft Repayment Set-Aside, $500,000 under the CHDO set-aside, $2,000,000 under the Preservation set-aside, and $10,010,000 under the General Set-Aside. $10 million in requests are currently under review.

Staff is recommending the following awards of HOME funds from the General set-aside:

<table>
<thead>
<tr>
<th>TDHCA#</th>
<th>Property Name</th>
<th>Property City</th>
<th>Multifamily Direct Loan Request</th>
<th>Underwritten/Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>19051</td>
<td>Casa de Manana Apartments</td>
<td>Corpus Christi</td>
<td>$2,500,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>19179</td>
<td>Riverwood Commons II</td>
<td>Bastrop</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>19202</td>
<td>Heritage Heights at Big Spring</td>
<td>Big Spring</td>
<td>$2,745,000</td>
<td>$2,745,000</td>
</tr>
<tr>
<td>19214</td>
<td>Lakeridge Villas</td>
<td>Ennis</td>
<td>$3,400,000</td>
<td>To be determined</td>
</tr>
<tr>
<td>19234</td>
<td>The Residence at Alsbury</td>
<td>Burleson</td>
<td>$1,050,000</td>
<td>$1,050,000</td>
</tr>
<tr>
<td>19235</td>
<td>The Reserves at Saddleback Ranch</td>
<td>Wolfforth</td>
<td>$950,000</td>
<td>$950,000</td>
</tr>
<tr>
<td>19236</td>
<td>Tool Cedar Trails</td>
<td>Tool</td>
<td>$950,000</td>
<td>$950,000</td>
</tr>
<tr>
<td>19238</td>
<td>Franklin Trails</td>
<td>Franklin</td>
<td>$2,850,000</td>
<td>$2,850,000</td>
</tr>
<tr>
<td>19304</td>
<td>The Residences at Overlook Ridge</td>
<td>Canyon Lake</td>
<td>$1,700,000</td>
<td>$1,700,000</td>
</tr>
<tr>
<td>19332</td>
<td>Avanti at South Bluff</td>
<td>Corpus Christi</td>
<td>$2,475,000</td>
<td>$2,475,000</td>
</tr>
<tr>
<td>19365</td>
<td>Heritage Estates at Huntsville</td>
<td>Huntsville</td>
<td>$2,525,000</td>
<td>$2,525,000</td>
</tr>
<tr>
<td>19367</td>
<td>Avanti Legacy Bayside</td>
<td>Corpus Christi</td>
<td>$3,800,000</td>
<td>$3,800,000</td>
</tr>
</tbody>
</table>

Staff is recommending the following awards of NHTF funds from the SH/SR set-aside:

<table>
<thead>
<tr>
<th>TDHCA#</th>
<th>Property Name</th>
<th>Property City</th>
<th>Multifamily Direct Loan Request</th>
<th>Underwritten/Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>19053</td>
<td>Waters Park Studios</td>
<td>Austin</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>19216</td>
<td>Heritage Heights at Abilene</td>
<td>Abilene</td>
<td>$1,115,000</td>
<td>$1,115,000</td>
</tr>
</tbody>
</table>

All Applications except 19051, which meets the definition of Reconstruction described in 24 CFR §92.2, and is therefore not subject to Site and Neighborhood Standards, have been found to
meet Site and Neighborhoods Standards requirements in accordance with 24 CFR §92.202 or 24 CFR §93.150, as applicable.

In addition to the standard conditions that apply to all HOME and NHTF awards, recommended awards for Applications 19051, 19053, and 19332 are subject to the demonstration of compliance with all applicable statutes and regulations surrounding relocation, including but not limited to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), and for the HOME awards Section 104d of the Housing and Community Development Act of 1974, as a result of occupied structures existing on the land that they are seeking to acquire. The Applicants must be able to demonstrate such compliance no later than the Commitment Notice execution date. Furthermore, the Direct Loan Award Letter & Loan Term Sheets will not be issued until the applicants have demonstrated compliance with the above-referenced regulations.

Applications 19051, 19179, and 19365, have elected points in accordance with 10 TAC §11.9(c)(8), which will require those Applicants to close all financing by November 30, 2019. As a result, these Applicants have provided the Department with documentation needed to obtain environmental clearance shortly after award.

Application 19179 is the proposed second phase of an existing development (Riverwood Commons (Application #11041)), which was previously funded with HOME in 2012. As a result, the recommended HOME award for Application 19179 is contingent upon having a distinct legal description for phase two that does not overlap with the legal description in phase one.

Application 19051 has HOME funds from the City of Corpus Christi. As underwritten, the units funded by the City’s HOME funds must not be the same units funded by the Department’s HOME funds, or a HOME match unit for the Department’s HOME program.

Application 19216 originally applied for $2,300,000 under the General set-aside but recently revised their financing in accordance with 10 TAC §13.5(f), as a result of the site being ineligible for HOME funds and TCAP-RF being oversubscribed – for which a letter was sent to the Applicant on May 9, 2019 – resulting in the Direct Loan request being reduced to $1,115,000 under the SH/SR set-aside.

Applications 19053 and 19216 must have fulfilled all conditions to be able to enter into a Contract with the Department on or before February 5, 2020, or they may lose access to the NHTF funding in whole or in part. This is because HUD requires that the Department enter into a written agreement for 2017 NHTF funding by that date in accordance with 24 CFR §93.404(c)(2).

The following 9% HTC layered Applications will be maintained on the waiting list for 9% HTC, pending the outcome of the 9% HTC Application awards, but per 10 TAC §13.4(c)(2), they are not guaranteed the availability of MFDL funds and would not have Priority 2 status, should they come off the 9% waiting list:
The following 9% HTC Applications originally requested MFDL funds under the General set-aside, but were notified on May 9, 2019, that funding for Applications with Development Sites ineligible for HOME funds was oversubscribed, and have subsequently revised their financing in accordance with 10 TAC §13.5(f), to replace Direct Loan funds with other sources. Thus, they are being recommended for 9% HTC without Direct Loan funds:

<table>
<thead>
<tr>
<th>TDHCA#</th>
<th>Property Name</th>
<th>Property City</th>
<th>Multifamily Direct Loan Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>19285</td>
<td>Everly Plaza</td>
<td>Fort Worth</td>
<td></td>
</tr>
<tr>
<td>19126</td>
<td>3104 Division Lofts</td>
<td>Arlington</td>
<td></td>
</tr>
<tr>
<td>19009</td>
<td>Churchill at Golden Triangle</td>
<td>Fort Worth</td>
<td></td>
</tr>
<tr>
<td>19136</td>
<td>Luna Flats</td>
<td>San Antonio</td>
<td></td>
</tr>
<tr>
<td>19330</td>
<td>Avanti Legacy at Emerald Point</td>
<td>McAllen</td>
<td></td>
</tr>
<tr>
<td>19331</td>
<td>Avanti at Emerald Point</td>
<td>McAllen</td>
<td></td>
</tr>
</tbody>
</table>

Staff is continuing to review four additional MFDL Applications that are not layered with 2019 9% Housing Tax Credits, and, if sufficient funding remains available, will review any additional Applications received prior to the deadline of November 26, 2019, to determine if they meet program, NOFA, set-aside, and underwriting requirements. Sufficient funding in some set-asides is currently available to recommend additional Applications for awards at future Board meetings.

The recommended Applications and award amounts are outlined in the attached award recommendations log. Ten of the 12 Applications recommended for HOME propose new construction, while two propose demolition and reconstruction. The two Applications recommended for NHTF propose new construction. In total, these 14 Applications will result in 220 Direct Loan-assisted units, and further support a total of 774 units. Each of the recommended Applications has been or is being underwritten and determined to meet the Real Estate Analysis rules and requirements, and each has received an acceptable previous participation review.
2019-1 Multifamily Direct Loan Program - Application Log - July 18, 2019

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §511.285 and 10 TAC §511.286 concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Warnings of Risk for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error does not guarantee that the error can be addressed administratively.

Applications sorted by date received within each set-aside.

**Supportive Housing/ Soft Repayment (SH/SR)**

<table>
<thead>
<tr>
<th>Application #</th>
<th>Property Name</th>
<th>Property City</th>
<th>Property County</th>
<th>County</th>
<th>Region</th>
<th>SH/SR Loan Request/Award</th>
<th>Target Population</th>
<th>Total Units</th>
<th>MF Direct Loan Units</th>
<th>Layering ²</th>
<th>Date Received</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>19028</td>
<td>Castanet Lane Apartments</td>
<td>Brownsville</td>
<td>Cameron</td>
<td>NC</td>
<td>11</td>
<td>$500,000</td>
<td>General</td>
<td>80</td>
<td>5</td>
<td>4/2/2019</td>
<td>9%</td>
<td>Total Amount Requested Under SH/SR Set Aside $500,000 Total Amount Remaining Under SH/SR Set Aside (NHTF) $9,636,041 Total Amount Remaining Under SH/SR Set Aside (TCAP RF) $1,500,000</td>
</tr>
<tr>
<td>19061</td>
<td>McMullen Square Apartments</td>
<td>San Antonio</td>
<td>Bexar</td>
<td>R</td>
<td>8</td>
<td>$500,000</td>
<td>General</td>
<td>100</td>
<td>4</td>
<td>4%</td>
<td>3/12/2019</td>
<td>Recommended for TCAP RF award at 5/23/19 Board meeting</td>
</tr>
<tr>
<td>19146</td>
<td>New Hope Housing Avenue I</td>
<td>Houston</td>
<td>Harris</td>
<td>NC</td>
<td>6</td>
<td>$1,900,398</td>
<td>Supportive Housing</td>
<td>100</td>
<td>11</td>
<td>9%</td>
<td>4/2/2019</td>
<td>To be recommended for NHTF at 7/25/19 Board meeting</td>
</tr>
<tr>
<td>19035</td>
<td>Foundation Village</td>
<td>Austin</td>
<td>Travis</td>
<td>NC</td>
<td>7</td>
<td>$2,000,000</td>
<td>Supportive Housing</td>
<td>88</td>
<td>11</td>
<td>9%</td>
<td>4/2/2019</td>
<td>To be recommended for NHTF at 7/25/19 Board meeting</td>
</tr>
<tr>
<td>19030</td>
<td>Freedom's Path at Kerrville II</td>
<td>Kerrville</td>
<td>Kerr</td>
<td>NC</td>
<td>9</td>
<td>$1,900,398</td>
<td>Supportive Housing</td>
<td>38</td>
<td>38</td>
<td>9%</td>
<td>4/2/2019</td>
<td></td>
</tr>
<tr>
<td>19216</td>
<td>Heritage Heights at Abilene</td>
<td>Abilene</td>
<td>Taylor</td>
<td>NC</td>
<td>2</td>
<td>$1,115,000</td>
<td>Elderly</td>
<td>48</td>
<td>8</td>
<td>9%</td>
<td>4/2/2019</td>
<td></td>
</tr>
<tr>
<td>19506</td>
<td>Saline Creek Senior Village</td>
<td>Noonday</td>
<td>Smith</td>
<td>NC</td>
<td>4</td>
<td>$2,000,000</td>
<td>Elderly</td>
<td>60</td>
<td>14</td>
<td>9%</td>
<td>6/3/2019</td>
<td>Received 9% HTC allocation in 2018</td>
</tr>
<tr>
<td>19419</td>
<td>Palladium Redland</td>
<td>Dallas</td>
<td>Dallas</td>
<td>NC</td>
<td>3</td>
<td>$2,000,000</td>
<td>General</td>
<td>100</td>
<td>33</td>
<td>4%</td>
<td>6/11/2019</td>
<td></td>
</tr>
</tbody>
</table>

**Total Amount Requested Under SH/SR Set Aside** $11,433,796 Total Amount Remaining Under SH/SR Set Aside (NHTF) $9,636,041 Total Amount Remaining Under SH/SR Set Aside (TCAP RF) $1,500,000

**CHDO (HOME funds only)**

<table>
<thead>
<tr>
<th>TDHCA</th>
<th>Property Name</th>
<th>Property City</th>
<th>Property County</th>
<th>County</th>
<th>Region</th>
<th>SH/SR Loan Request/Award</th>
<th>Target Population</th>
<th>Total Units</th>
<th>MF Direct Loan Units</th>
<th>Layering ²</th>
<th>Date Received</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>19028</td>
<td>Castanet Lane Apartments</td>
<td>Brownsville</td>
<td>Cameron</td>
<td>NC</td>
<td>11</td>
<td>$500,000</td>
<td>General</td>
<td>80</td>
<td>5</td>
<td>9%</td>
<td>4/2/2019</td>
<td></td>
</tr>
</tbody>
</table>

**Total Amount Requested Under CHDO Set Aside** $500,000 Total Amount Remaining Under CHDO Set Aside $500,000

**Preservation (TCAP RF only)**

<table>
<thead>
<tr>
<th>TDHCA</th>
<th>Property Name</th>
<th>Property City</th>
<th>Property County</th>
<th>County</th>
<th>Region</th>
<th>SH/SR Loan Request/Award</th>
<th>Target Population</th>
<th>Total Units</th>
<th>MF Direct Loan Units</th>
<th>Layering ²</th>
<th>Date Received</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>19033</td>
<td>Sierra Royale Apartments</td>
<td>Robstown</td>
<td>Nueces</td>
<td>D</td>
<td>3D</td>
<td>$2,000,000</td>
<td>General</td>
<td>76</td>
<td>0</td>
<td>4/2/2019</td>
<td>0%</td>
<td>Received 9% HTC allocation in 2004 for new construction</td>
</tr>
</tbody>
</table>

**Total Amount Requested Under Preservation Set Aside** $2,000,000 Total Amount Remaining Under Preservation Set Aside $2,000,000

**General**

<table>
<thead>
<tr>
<th>TDHCA</th>
<th>Property Name</th>
<th>Property City</th>
<th>Property County</th>
<th>County</th>
<th>Region</th>
<th>SH/SR Loan Request/Award</th>
<th>Target Population</th>
<th>Total Units</th>
<th>MF Direct Loan Units</th>
<th>Layering ²</th>
<th>Date Received</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>19406</td>
<td>Primrose Village</td>
<td>Weslaco</td>
<td>Hidalgo</td>
<td>NC</td>
<td>11</td>
<td>$4,000,000</td>
<td>General</td>
<td>242</td>
<td>22</td>
<td>4%</td>
<td>1/14/2019</td>
<td>Direct loan request withdrawn</td>
</tr>
<tr>
<td>19502</td>
<td>City Square Lofts</td>
<td>Garland</td>
<td>Dallas</td>
<td>NC</td>
<td>3</td>
<td>$4,000,000</td>
<td>General</td>
<td>126</td>
<td>3</td>
<td>9%</td>
<td>3/1/2019</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>19504</td>
<td>Ayami at Sierra Palms Legacy</td>
<td>Weslaco</td>
<td>Hidalgo</td>
<td>NC</td>
<td>11</td>
<td>$1,650,000</td>
<td>Elderly</td>
<td>114</td>
<td>11</td>
<td>9%</td>
<td>3/11/2019</td>
<td>Recommended for TCAP RF award at 5/23/19 Board meeting</td>
</tr>
</tbody>
</table>

**Total Amount Requested Under Preservation Set Aside** $2,000,000 Total Amount Remaining Under Preservation Set Aside $2,000,000

**Total Set Aside Funding Level:**

- **TCAP RF** $2,000,000
- **NHTF** $9,638,041
- **Total** $11,638,041

**HOME (limited availability statewide)** $27,945,000

- **NHF PI (available statewide, including PI)** $4,500,000
- **TCAP RF (available statewide, including PI)** $11,160,000
- **NHF PI and TCAP RF Total** $15,660,000

**Total Set Aside Funding Level:** $43,605,000
<table>
<thead>
<tr>
<th>Project Name</th>
<th>City</th>
<th>County</th>
<th>Type</th>
<th>NC</th>
<th>Date</th>
<th>Total Amount Requested</th>
<th>Total Units</th>
<th>Housing Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casa de Manana Apartments</td>
<td>Corpus Christi</td>
<td>Nueces</td>
<td>10</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 2,500,000</td>
<td>99</td>
<td>General</td>
</tr>
<tr>
<td>The Reserves at Saddleback Ranch</td>
<td>Wolfforth</td>
<td>Lubbock</td>
<td>1</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 1,150,000</td>
<td>68</td>
<td>Elderly</td>
</tr>
<tr>
<td>Laketridge Villas</td>
<td>Ellis</td>
<td>Nueces</td>
<td>3</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 3,400,000</td>
<td>48</td>
<td>Elderly</td>
</tr>
<tr>
<td>Everly Plaza</td>
<td>Fort Worth</td>
<td>Tarrant</td>
<td>3</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 2,200,000</td>
<td>88</td>
<td>Elderly</td>
</tr>
<tr>
<td>3104 Division Lofts</td>
<td>Arlington</td>
<td>Tarrant</td>
<td>3</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 4,000,000</td>
<td>75</td>
<td>General</td>
</tr>
<tr>
<td>Churchill at Golden Triangle</td>
<td>Fort Worth</td>
<td>Tarrant</td>
<td>3</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 1,300,000</td>
<td>99</td>
<td>General</td>
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<tr>
<td>The Residences at Alsbury</td>
<td>Burleson</td>
<td>Johnson</td>
<td>3</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 1,050,000</td>
<td>83</td>
<td>Elderly</td>
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<tr>
<td>Tool Cedar Trails</td>
<td>Tolst</td>
<td>Johnson</td>
<td>4</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 950,000</td>
<td>48</td>
<td>Elderly</td>
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<tr>
<td>Heritage Estates at Huntsville</td>
<td>Huntsville</td>
<td>Walker</td>
<td>6</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 2,525,000</td>
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<tr>
<td>Riverwood Commons II</td>
<td>Bastrop</td>
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<td>7</td>
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<td>4/2/2019</td>
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<td>St. Elmo Commons</td>
<td>Austin</td>
<td>Travis</td>
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<tr>
<td>Franklin Trails</td>
<td>Franklin</td>
<td>Robertson</td>
<td>8</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 2,850,000</td>
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<tr>
<td>The Residences at Overlook Ridge</td>
<td>Canyon Lake</td>
<td>Comal</td>
<td>9</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 1,700,000</td>
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<td>Elderly</td>
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<tr>
<td>Luna Flats</td>
<td>San Antonio</td>
<td>Bexar</td>
<td>9</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 4,000,000</td>
<td>69</td>
<td>General</td>
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<tr>
<td>Hamilton Wolfe Lofts</td>
<td>San Antonio</td>
<td>Bexar</td>
<td>9</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 4,000,000</td>
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<td>General</td>
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<tr>
<td>Avanti at South Bluff</td>
<td>Corpus Christi</td>
<td>Nueces</td>
<td>10</td>
<td>NC</td>
<td>4/2/2019</td>
<td>$ 2,475,000</td>
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<tr>
<td>Avanti Legacy Bayside</td>
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<tr>
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<td>McAllen</td>
<td>Hidalgo</td>
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<td>Heritage Heights at Big Spring</td>
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<td>Howard</td>
<td>12</td>
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</tbody>
</table>

Total Amount Requested Under General Set Aside: Development Sites in HOME-eligible areas $33,095,000 Total Units 655 224

Total Amount Requested Under General Set Aside: Development Sites in non-HOME-eligible areas $24,200,000 Total Units 1,353 385

Total Amount Requested Under General Set Aside: TOTAL $57,295,000 Total Units 2,008 609

Total Amount Awarded Under General Set Aside (HOME) $ - Total Units 0 0

Total Amount Awarded Under General Set Aside (TCAP RF) $ 1,650,000 Total Units 114 11

Total Amount Awarded Under General Set Aside (NSP1 PI) $ 4,000,000 Total Units 93 25

Total Amount Remaining Under General Set Aside (HOME) $ 27,945,000

Total Amount Remaining Under General Set Aside (TCAP RF) $ 9,510,000

Total Amount Remaining Under General Set Aside (NSP1 PI) $ 508,000

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse, Recon = Reconstruction
2 = Layering of Other Department Funds: 9%-9% Competitive Tax Credits, 4%-4% Tax Credit Program
3 = Date Received: The date that the application, all required 3rd Party Reports, and Application Fees (if applicable) were received. All 2019 9%-layered applications were considered received 4/2/19 in accordance with 10 TAC § 13.4(c)(2).
# 19003 The Legacy at Piedmont - Application Summary

## Property Identification
- **Application #**: 19003
- **Development**: The Legacy at Piedmont
- **City / County**: San Antonio / Bexar
- **Region/Area**: 9 / Urban
- **Population**: Elderly Limitation
- **Set-Aside**: General
- **Activity**: New Construction

## TDHCA Program
- **Request**: $1,213,281
- **Recommended**: $24,672/Unit $1.00

## Key Principal / Sponsor
- Atlantic Pacific Companies - MM
- Randy Weisburd
- Toby Williams - BMAT, LLC - GM
- Madhouse Development-Henry Flores-Consultant

## City / County
- **San Antonio / Bexar**

## Population
- **Elderly Limitation**: 0 $0 0.00%

## Region/Area
- **9 / Urban**

## Amount
- **0 $0**

## Amort
- **0.00%**

## Rate
- **0**

## Application #
- **19003**

## Development
- **The Legacy at Piedmont**
- **$1,213,281**
- **$24,672/Unit $1.00**

## INCOME DISTRIBUTION
- **Set-Aside**: General
- **Activity**: New Construction

## TYPICAL BUILDING ELEVATION / PHOTO

![Typical Building Elevation/Photo](image)

## SITE PLAN

![Site Plan](image)

## PRO FORMA FEASIBILITY INDICATORS
- **Pro Forma Underwritten**: Applicant's Pro Forma
- **Debt Coverage**: 1.31
- **Expense Ratio**: 61.8%
- **Breakeven Occ.**: 84.1%
- **Breakeven Rent**: $578
- **Average Rent**: $638
- **Total Expense**: $4,509/unit
- **Property Taxes**: $580/unit
- **Total**: $2,859/unit

## MARKET FEASIBILITY INDICATORS
- **Gross Capture Rate (10% Maximum)**: 1.2%
- **Highest Unit Capture Rate**: 3% 1 BR/60% 24
- **Dominant Unit Cap. Rate**: 3% 1 BR/60% 24
- **Premiums (+60% Rents)**
- **Rent Assisted Units**: N/A

## DEVELOPMENT COST SUMMARY
- **Costs Underwritten**: Applicant's Costs
- **Avg. Unit Size**: 737 SF
- **Density**: 28.5/acre
- **Acquisition**: $27K/unit $1,326K
- **Building Cost**: $113.50/SF $84K/unit $4,100K
- **Hard Cost**: $117K/unit $5,724K
- **Total Cost**: $285K/unit $13,941K
- **Developer Fee**: $1,977K (19% Deferred) Paid Year: 11
- **Contractor Fee**: $801K 30% Boost Yes

## SITE PLAN

![Site Plan](image)
### Debt (Must Pay)

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
<td>16/35</td>
<td>6.25%</td>
<td>$1,480,000</td>
<td>1.31</td>
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</tbody>
</table>

### Cash Flow Debt / Grant Funds

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
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<tbody>
<tr>
<td>City of San Antonio</td>
<td>0/0</td>
<td>0.00%</td>
<td>$500</td>
<td>1.31</td>
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</table>

### Equity / Deferred Fees

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
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<tr>
<td>The Legacy at Piedmont Development</td>
<td>$371,800</td>
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<tr>
<td>Additional (Excess) Funds Req’d</td>
<td>$100</td>
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### Total Debt Sources

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>TOTAL DEBT (Must Pay)</td>
<td>$1,480,000</td>
</tr>
<tr>
<td>CASH FLOW DEBT / GRANTS</td>
<td>$500</td>
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</tbody>
</table>

### Total Capitalization

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>TOTAL EQUITY SOURCES</td>
<td>$12,460,046</td>
</tr>
<tr>
<td>TOTAL DEBT SOURCES</td>
<td>$1,480,500</td>
</tr>
<tr>
<td>TOTAL CAPITALIZATION</td>
<td>$13,940,546</td>
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</tbody>
</table>

### Conditions

- Receipt and acceptance by Cost Certification:
- Certification that testing for asbestos and lead-based paint was performed on the existing structure prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

### Risk Profile

**Strengths/Mitigating Factors**
- Capture rates
- Location

**Weaknesses/Risks**
- Expense sensitive cash flow
- Assumes sales tax exemption
- Credit price risk

### Area Map

[Map image of the Legacy at Piedmont Development with dimensions 1.723 acres (75,861 sq. ft.).]
19204 Cottonview Terrace - Application Summary

**PROPERTY IDENTIFICATION**
- Application #: 19204
- Development: Cottonview Terrace
- City / County: Taft / San Patricio
- Region/Area: 10 / Rural
- Population: General
- Set-Aside: At-Risk
- Activity: Acquisition/Rehab (Built in 1966)

**RECOMMENDATION**
- TDHCA Program: Request
- Recommended: $1,090,000

**INCOME DISTRIBUTION**
- Set-Aside: At-Risk
- Activity: Acquisition/Rehab

**TYPICAL BUILDING ELEVATION/PHOTO**

**UNIT DISTRIBUTION**

<table>
<thead>
<tr>
<th># Beds</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8</td>
<td>11%</td>
</tr>
<tr>
<td>2</td>
<td>28</td>
<td>39%</td>
</tr>
<tr>
<td>3</td>
<td>26</td>
<td>36%</td>
</tr>
<tr>
<td>4</td>
<td>10</td>
<td>14%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>72</td>
<td>100%</td>
</tr>
</tbody>
</table>

**INCOME DISTRIBUTION**

<table>
<thead>
<tr>
<th>Income</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>8</td>
<td>11%</td>
</tr>
<tr>
<td>40%</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>50%</td>
<td>15</td>
<td>21%</td>
</tr>
<tr>
<td>60%</td>
<td>49</td>
<td>68%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>72</td>
<td>100%</td>
</tr>
</tbody>
</table>

**PRO FORMA FEASIBILITY INDICATORS**
- Pro Forma Underwritten: TDHCA's Pro Forma
- Debt Coverage: 1.16
- Expense Ratio: 74.8%
- Break-even Occ.: 91.7%
- Break-even Rent: $602
- Average Rent: $624
- Property Taxes: $143/unit
- Total Expense: $5,431/unit

**MARKET FEASIBILITY INDICATORS**
- Gross Capture Rate (30% Maximum): 4.0%
- Highest Unit Capture Rate: 14%
- Dominant Unit Cap. Rate: 9%
- Premiums (+60% Rents): N/A
- Rent Assisted Units: 72

**DEVELOPMENT COST SUMMARY**
- Costs Underwritten: TDHCA's Costs - Based on PCA
- Avg. Unit Size: 837 SF
- Density: 62/acre
- Acquisition: $40K/unit
- Building Cost: $102.53/SF
- Hard Cost: $105K/unit
- Total Cost: $219K/unit
- Developer Fee: $1,550K (1% Deferred)
- Contractor Fee: $962K (30% Boost)
- Site Work: $7K
- Building Shell: $21K
- HVAC: $7K
- Appliances: $4K

**APPLICATION SUMMARY**
- 19204 Cottonview Terrace
- REAL ESTATE ANALYSIS DIVISION
- July 18, 2019

**KEY PRINCIPAL / SPONSOR**
- Taft Housing Authority
- Housing Solutions Alliance
- Arthur Schultz Jr.
- Micah Strange

**SITE PLAN**

**SOLDIERS FIELD**

**Real Estate Analysis Division**

**Printed 7/18/19**
Certification of testing for lead in drinking water as recommended by the ESA provider unless all existing water piping will be replaced during the renovation and that any appropriate abatement procedures were implemented.

Receipt and acceptance by Cost Certification:
   a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
   b: Certification of testing for lead in drinking water as recommended by the ESA provider unless all existing water piping will be replaced during the renovation and that any appropriate abatement procedures were implemented.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

**RISK PROFILE**

- 100% RAD rental assistance
- Currently 93% occupied
- Owned by Housing Authority

**WEAKNESSES/RISKS**

- 75% Expense Ratio
- DCR drops below 1.0 in year 12
- Historically higher expenses

**CONDITIONS**

1. Receipt and acceptance by 10% test:
   a: Executed CHAP agreement with HUD.

2. Receipt and acceptance by Cost Certification:
   a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
   b: Certification of testing for lead in drinking water as recommended by the ESA provider unless all existing water piping will be replaced during the renovation and that any appropriate abatement procedures were implemented.

**AREA MAP**

**CASH FLOW DEBT / GRANT FUNDS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
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</thead>
<tbody>
<tr>
<td>Taft Housing Authority</td>
<td>20/30</td>
<td>2.00%</td>
<td>$250,000</td>
<td>1.16</td>
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<tr>
<td>City of Taft</td>
<td>0/0</td>
<td>0.00%</td>
<td>$250</td>
<td>1.16</td>
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**EQUITY / DEFERRED FEES**

<table>
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<th>Source</th>
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<tbody>
<tr>
<td>R4 Capital, LLC</td>
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<tr>
<td>R4 Capital, LLC - Federal HTC</td>
<td>$1,832,773</td>
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<tr>
<td>Foss Texas 2015 Fund I LLC</td>
<td>$2,290,967</td>
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<tr>
<td>Housing Solutions Alliance</td>
<td>$14,211</td>
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**TOTAL EQUITY SOURCES**

$14,055,860

**TOTAL DEBT SOURCES**

$1,700,250

**TOTAL CAPITALIZATION**

$15,756,110

**DEBT (Must Pay)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Federal Bank</td>
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<td>6.80%</td>
<td>$1,450,000</td>
<td>1.16</td>
</tr>
<tr>
<td>Taft Housing Authority</td>
<td>20/30</td>
<td>2.00%</td>
<td>$250,000</td>
<td>1.16</td>
</tr>
<tr>
<td>City of Taft</td>
<td>0/0</td>
<td>0.00%</td>
<td>$250</td>
<td>1.16</td>
</tr>
</tbody>
</table>

**CASH FLOW DEBT / GRANTS**

$250,250

**TOTAL DEBT (Must Pay)**

$1,450,000

**AERIAL PHOTOGRAPH(s)**

Tract 1 and 3

Tract 2

Tract 4
### 19216 Heritage Heights at Abilene - Application Summary

**PROPERTY IDENTIFICATION**
- Application #: 19216
- Development: Heritage Heights at Abilene
- City / County: Abilene / Taylor
- Region/Area: 2 / Urban
- Population: Elderly Limitation
- Set-Aside: General
- Activity: New Construction

**TDHCA Program**
- Request: $600,000
- Recommended: $12,500/Unit $0.85

**DEVELOPMENT COST SUMMARY**
- Dominant Unit Cap. Rate: 2% 2 BR/60% 16
- Premiums (+60% Rents): #N/A
- Property Taxes: $647/unit
- Total Expense: $4,598/unit
- Breakeven Occ.: 84.9%
- Breakeven Rent: $607
- Average Rent: $663
- B/E Rent Margin: $56
- Debt Coverage: 1.27
- Expense Ratio: 61.6%
- Total: 48
- TDHCA’s Pro Forma: 100% TOTAL

**UNIT DISTRIBUTION**
- # Units
- % Total
- # Beds
- % Total
- Income
- # Units
- % Total

**TYPICAL BUILDING ELEVATION/PHOTO**

**MARKET FEASIBILITY INDICATORS**
- Gross Capture Rate (10% Maximum): 0.6%
- Highest Unit Capture Rate: 2% 2 BR/60% 16
- Dominant Unit Cap. Rate: 2% 2 BR/60% 16
- Rent Assisted Units: N/A

**INCOME DISTRIBUTION**
- # Beds
- # Units
- % Total
- Income
- # Units
- % Total

**INCOME DISTRIBUTION**
- Set-Aside: General
- Activity: New Construction
- Related Parties: Contractor - No, Seller - No

**SITE PLAN**

**REAL ESTATE ANALYSIS DIVISION**
July 19, 2019

**KEY PRINCIPAL / SPONSOR**
- Generation Housing Development, LLC
  - Adrian Iglesias
  - Chris Applequist
  - Audrey Martin (Consultant)

**TDHCA Program**
- Request: $600,000
- Recommended: $12,500/Unit $0.85

**DEVELOPMENT COST SUMMARY**
- Developer Fee: $1,136K (23% Deferred) Paid Year: 9
- Contractor Fee: $577K 30% Boost Yes
- Multifamily Direct Loan (Soft Repayable)

**TDHCA’s Pro Forma**
- Debt Coverage: 1.27
- Expense Ratio: 61.6%
### DEBT (Must Pay)

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellwether</td>
<td>18/35</td>
<td>5.25%</td>
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<td>1.94</td>
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<td>TDHCA (Multifamily Direct Loan (Soft Repayable))</td>
<td>18/30</td>
<td>0.00%</td>
<td>$1,115,000</td>
<td>1.27</td>
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### CASH FLOW DEBT / GRANTS

<table>
<thead>
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<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGO Architects</td>
<td>0/0</td>
<td>0.00%</td>
<td>$55,750</td>
<td>1.27</td>
</tr>
<tr>
<td>City of Abilene</td>
<td>0/0</td>
<td>0.00%</td>
<td>$500</td>
<td>1.27</td>
</tr>
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</table>

### EQUITY / DEFERRED FEES

<table>
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<tr>
<th>Source</th>
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<tr>
<td>National Equity Fund</td>
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<tr>
<td>TX Reserve Development 2019, LLC</td>
<td>$259,074</td>
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**TOTAL DEBT (Must Pay)**: $2,250,000  
**TOTAL EQUITY SOURCES**: $56,250  
**TOTAL DEBT SOURCES**: $2,306,250  
**TOTAL CAPITALIZATION**: $2,664,814

### CONDITIONS

1. Receipt and acceptance before Direct Loan Closing
   - a: Substantially final construction contract with Schedule of Values.
   - b: Updated term sheets with substantially final terms from all lenders
   - c: Substantially final draft of limited partnership agreement.
   - d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a 1.15 DCR.
   - e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
   - f: Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources)

2. Receipt and acceptance by Carryover:
   - a: Results of Phase II ESA on the groundwater impact from the adjacent dry cleaners and documentation of any additional cost required for any recommended remediation.
   - b: Results of a Vapor Encroachment Screening and documentation of any additional cost required for any recommended remediation.

3. Receipt and acceptance by Cost Certification:
   - a: Certification that subsurface environmental investigation and Vapor Encroachment Screening was performed as specified in the ESA, and that any recommended mitigation measures were fully implemented.
   - b: Evidence that the units and buildings have met the requirements for use of a Green Discount Utility Allowance.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

### RISK PROFILE

**STRENGTHS/MITIGATING FACTORS**
- Experienced Developer
- Elderly properties are 100% occupied
- Attractive design with many tenant amenities

**WEAKNESSES/RISKS**
- 64.12% Expense ratio
- Feasibility dependent on MFDL at 0%

### AERIAL PHOTOGRAPH(s)

[Area Map Image]

19216 Heritage Heights at Abilene
2 of 20

Printed 7/19/19
### 19230 Campanile on Fondren - Application Summary

#### PROPERTY IDENTIFICATION
<table>
<thead>
<tr>
<th>Application #</th>
<th>Development</th>
<th>City / County</th>
<th>Region/Area</th>
<th>Population</th>
<th>Set-Aside</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>19230</td>
<td>Campanile on Fondren</td>
<td>Houston / Harris</td>
<td>6 / Urban</td>
<td>General</td>
<td>New Construction</td>
<td></td>
</tr>
</tbody>
</table>

#### TDHCA Program
- LIHTC (9% Credit)

#### RECOMMENDATION
- Request: $1,500,000
- Recommended: $1,500,000, $11,029/Unit, $0.93

#### KEY PRINCIPAL / SPONSOR
- Les Kilday / Kilday Partners LLC

#### SITE PLAN
![Site Plan Image]

#### TYPICAL BUILDING ELEVATION/PHOTO
![Typical Building Image]

#### MARKET FEASIBILITY INDICATORS
- Gross Capture Rate (10% Maximum): 2.4%
- Highest Unit Capture Rate: 5% (2 BR/50%) - 16
- Dominant Unit Cap. Rate: 4% (1 BR/60%) - 30
- Rent Assisted Units: N/A

#### PRO FORMA FEASIBILITY INDICATORS
- Pro Forma Underwritten: Applicant's Pro Forma
- Debt Coverage: 1.31
- Breakeven Occ.: 83.2%
- Breakeven Rent: $723
- Average Rent: $758/unit
- Property Taxes: $758/unit
- Total Expense: $5,292/unit
- Total Rent: $3,158/unit
- B/E Rent Margin: $83
- Average Rent: $723
- Rent Assisted Units: N/A

#### COSTS UNDERWRITTEN
<table>
<thead>
<tr>
<th>Costs Underwritten</th>
<th>Applicant's Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Unit Size</td>
<td>857 SF</td>
</tr>
<tr>
<td>Acquisition</td>
<td>$85K/unit</td>
</tr>
<tr>
<td>Building Cost</td>
<td>$82.81/SF</td>
</tr>
<tr>
<td>Hard Cost</td>
<td>$102K/unit</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$240K/unit</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$2,455K (17% Deferred)</td>
</tr>
<tr>
<td>Contractor Fee</td>
<td>$1,819K (30% Boost)</td>
</tr>
</tbody>
</table>

**PRINTED: 7/22/19**

---

**REAL ESTATE ANALYSIS DIVISION**
**July 22, 2019**

**TDHCA Program**
- Request: $1,500,000
- Recommended: $1,500,000, $11,029/Unit, $0.93

**Les Kilday / Kilday Partners LLC**
- Related Parties
- Contractor - TBD
- Seller - No

**UNIT DISTRIBUTION**
- # Beds | # Units | % Total
- Total: 136, 100%

**INCOME DISTRIBUTION**
- Income # Units % Total

**DEVELOPMENT COST SUMMARY**
- Avg. Unit Size: 857 SF
- Acquisition: $85K/unit
- Building Cost: $82.81/SF
- Hard Cost: $102K/unit
- Total Cost: $240K/unit
- Developer Fee: $2,455K (17% Deferred)
- Contractor Fee: $1,819K (30% Boost)
CPA prepared schedule allocating the CDBG-DR funds to costs that are tax credit basis eligible and non-tax credit basis eligible. If any CDBG-DR funds are used for tax credit basis eligible costs, indicate how those funds are being treated with respect to eligible basis. If any funds are being treated as bona fide debt and not deducted from eligible basis, provide an attorney opinion confirming that the debt is determined to be bona fide debt with a reasonable expectation that it will be repaid in full.

Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:
- Certification that testing for asbestos and lead-based paint was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.
- A Phase II ESA evaluating the impact of identified REC’s, and documentation of any additional cost required for any recommended remediation.
- A Phase II ESA evaluating the impact of identified REC’s, and documentation of any additional cost required for any recommended remediation.
- Receipt and acceptance by Commitment:
  - Revised term sheet from the City of Houston addressed to the City Borrower, as discussed below, for the $12.5M of CDBG-DR funds with all terms and conditions.
  - Term sheet for the Project Loan from the City Borrower to the LIHTC partnership, as discussed below, for the $12.5M of CDBG-DR funds with all terms and conditions.
- Receipt and acceptance by 10% test:
  - Receipt and acceptance by 10% test:

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

### Risk Profile

**Strengths/Mitigating Factors**
- Gross Capture Rate of 2.4%, with unit capture rates only ranging from 1% to 5%
- Overall market occupancy is 98%, and the one senior property still monitored in the PMA is 100% occupied
- Attractive design, high visibility in-fill location should enhance marketability
- Developer experience

**Weaknesses/Risks**
- Feasibility relies on Hurricane Harvey CDBG funds from the City of Houston in the amount of $12.5M
- Potential for additional unforeseen environmental remediation costs

### Area Map

![Aerial Photograph(s)](image_url)
## 19234 The Residences at Alsbury - Application Summary

### Property Identification

<table>
<thead>
<tr>
<th>Application #</th>
<th>Development</th>
<th>City / County</th>
<th>Region/Area</th>
<th>Population</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>19234</td>
<td>The Residences at Alsbury</td>
<td>Burleson / Johnson</td>
<td>3 / Urban</td>
<td>Elderly Limitation</td>
<td>New Construction</td>
</tr>
</tbody>
</table>

### Key Principal / Sponsor

Overland Property Group
Patrick Beatty
Rex Vanier
Brett Johnson
Kit Sarai

### TYPICAL BUILDING ELEVATION PHOTO

![Image of building elevation]

### Unit Distribution

<table>
<thead>
<tr>
<th># Beds</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>63</td>
<td>76%</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>24%</td>
</tr>
<tr>
<td>3</td>
<td>20</td>
<td>24%</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>83</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Income Distribution

<table>
<thead>
<tr>
<th>Income</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>30%</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>40%</td>
<td>4</td>
<td>5%</td>
</tr>
<tr>
<td>50%</td>
<td>20</td>
<td>24%</td>
</tr>
<tr>
<td>60%</td>
<td>29</td>
<td>35%</td>
</tr>
<tr>
<td>70%</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>80%</td>
<td>5</td>
<td>6%</td>
</tr>
<tr>
<td>MR</td>
<td>11</td>
<td>13%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>83</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Pro Forma Feasibility Indicators

- **Pro Forms Underwritten**: Applicant's Pro Forma
- **Debt Coverage**: 1.16
- **Expense Ratio**: 57.2%
- **Breakeven Occ.**: 87.1%
- **Breakeven Rent**: $761
- **Average Rent**: $810
- **Property Tax**: $1,129/unit
- **Total Expense**: $5,233/unit
- **Controllable**: $3,102/unit
- **Breakeven Occ.**: 87.1%
- **Breakeven Rent**: $761
- **Average Rent**: $810
- **B/E Rent Margin**: $49
- **Property Taxes**: $1,129/unit
- **Exemption / PILOT**: 0%
- **Total Expense**: $5,233/unit
- **Controllable**: $3,102/unit

### Market Feasibility Indicators

- **Gross Capture Rate (10% Maximum)**: 1.3%
- **Highest Unit Capture Rate**: 8% 1 BR/60%
- **Dominant Unit Cap. Rate**: 8% 1 BR/60%
- **Premiums (+ 60% Rents)**: Yes $361/Avg.
- **Rent Assisted Units**: N/A

### Development Cost Summary

<table>
<thead>
<tr>
<th>Costs Underwritten</th>
<th>Applicant's Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Unit Size</td>
<td>720 SF</td>
</tr>
<tr>
<td>Density</td>
<td>10.2/acre</td>
</tr>
<tr>
<td>Acquisition</td>
<td>$18K/unit</td>
</tr>
<tr>
<td>Building Cost</td>
<td>$112.99/SF</td>
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<tr>
<td>Hard Cost</td>
<td>$112K/unit</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$195K/unit</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$1,822K</td>
</tr>
<tr>
<td>Contractor Fee</td>
<td>$1,237K</td>
</tr>
<tr>
<td>(3% Deferred)</td>
<td>Paid Year: 12</td>
</tr>
</tbody>
</table>

### Related Parties

- **Contractor**: No
- **Seller**: No
### DEBT (Must Pay)

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizon Bank</td>
<td>15/35</td>
<td>6.00%</td>
<td>$3,375,000</td>
<td>1.41</td>
</tr>
<tr>
<td>TDHCA</td>
<td>15/30</td>
<td>2.50%</td>
<td>$1,050,000</td>
<td>1.16</td>
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</tbody>
</table>

### CASH FLOW DEBT / GRANT FUNDS

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>McPherson (MCP Group)</td>
<td>0/0</td>
<td>0.00%</td>
<td>$53,550</td>
<td>1.16</td>
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<tr>
<td>City of Burleson</td>
<td>0/0</td>
<td>0.00%</td>
<td>$500</td>
<td>1.16</td>
</tr>
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</table>

### EQUITY / DEFERRED FEES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo</td>
<td>$11,046,170</td>
</tr>
<tr>
<td>Overland Property Group</td>
<td>$673,974</td>
</tr>
</tbody>
</table>

### CONDITIONS

1. Receipt and acceptance before Direct Loan Closing
   - Substantially final construction contract with Schedule of Values.
   - Updated term sheets with substantially final terms from all lenders
   - Substantially final draft of limited partnership agreement.
   - Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.
   - Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
   - Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources)
   - Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2. Receipt and acceptance by Cost Certification:
   - Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

### RISK PROFILE

**STRENGTHS/MITIGATING FACTORS**
- Developer experience
- Low capture rates/high occupancies in PMA

**WEAKNESSES/RISKS**
- Northeast parcel of property in Flood Zone AE

### AREA MAP

[Image of area map showing the location of the development project.]
19235 The Reserve at Saddleback Ranch - Application Summary

PROPERTY IDENTIFICATION

- Application #: 19235
- Development: The Reserve at Saddleback Ranch
- City / County: Wolfforth / Lubbock
- Region/Area: 1 / Rural
- Population: General
- Set-Aside: General
- Activity: New Construction

RECOMMENDATION

- TDHCA Program: LHTC (9% Credit)
- Amount: $950,000
- Rate: 2.50%
- Amort: 30
- Term: 15
- Lien: 2

- MF Direct Loan Const to Perm. (Repayable)

- UHTC (9% Credit)
  - Request: $722,312
  - Recommended: $722,312
  - $18,058/Unit
  - $0.92

- Daily Rent Assisted Units

- Rent Assisted Units: N/A

- Dominant Unit Cap. Rate: 2% 2 BR/60% 13

- Premiums (+60% Rents)
  - Yes
  - $193/Avg.

- Set-Aside General Activity

- New Construction Related Parties

- General Contractor - No

- Seller - No

TYPICAL BUILDING ELEVATION / PHOTO

SITE PLAN

PRO FORMA FEASIBILITY INDICATORS

- Pro Forma Underwritten: Applicant's Pro Forma

- Debt Coverage: 1.16
- Expense Ratio: 56.1%

- Breakeven Occ.: 86.9%
- Breakeven Rent: $695

- Average Rent: $741
- E/ Rent Margin: $46

- Property Taxes: $965/unit
- Exemption/PILOT: 0%

- Total Expense: $4,706/unit
- Controllable: $2,654/unit

MARKET FEASIBILITY INDICATORS

- Gross Capture Rate (30% Maximum)
  - 0.5%

- Highest Unit Capture Rate
  - 3% 3 BR/60% 7

- Dominant Unit Cap. Rate
  - 2% 2 BR/60% 13

- Premiums (+60% Rents)
  - Yes
  - $193/Avg.

- Rent Assisted Units
  - N/A

DEVELOPMENT COST SUMMARY

- Costs Underwritten: Applicant's Costs

- Avg. Unit Size: 1,042 SF
- Density: 8.0/acre

- Acquisition: $15K/unit
- $600K

- Building Cost: $88.31/SF
  - $92K/unit
  - $3,679K

- Hard Cost: $128K/unit
  - $5,102K

- Total Cost: $231K/unit
  - $9,232K

- Developer Fee: $1,392K (25% Deferred)
  - Paid Year: 14

- Contractor Fee: $620K (30% Boost)
  - Yes

REAL ESTATE ANALYSIS DIVISION
July 19, 2019

Overland Property Group
Patrick Beatty
Rex Vanier
Brett Johnson
Kit Sarai

Related Parties
Contractor - No
Seller - No

UNIT DISTRIBUTION

- # Beds: Eff - 0%
- # Units: 30%
- % Total: 8%

- # Beds: 1
  - # Units: 8
  - % Total: 20%

- # Beds: 2
  - # Units: 20
  - % Total: 50%

- # Beds: 3
  - # Units: 12
  - % Total: 30%

- # Beds: 4
  - # Units: 6
  - % Total: 15%

TOTAL
- # Beds: Total
  - # Units: 40
  - % Total: 100%

INCOME DISTRIBUTION

- Income: 30%
- # Units: 3
- % Total: 8%

- Income: 40%
- # Units: -
- % Total: 0%

- Income: 50%
- # Units: 7
- % Total: 18%

- Income: 60%
- # Units: 24
- % Total: 60%

- Income: 0%
- # Units: 6
- % Total: 15%

TOTAL
- Income: 40%
- # Units: 40
- % Total: 100%

19235 The Reserve at Saddleback Ranch

Application # Application

19235 The Reserve at Saddleback Ranch

Application:

- Wolfforth / Lubbock
- General
- New Construction

TDHCA Program

- Amount: $950,000
- Rate: 2.50%
- Amort: 30
- Term: 15
- Lien: 2

- MF Direct Loan Const to Perm. (Repayable)

- UHTC (9% Credit)
  - Request: $722,312
  - Recommended: $722,312
  - $18,058/Unit
  - $0.92

- Daily Rent Assisted Units

- Rent Assisted Units: N/A

- Dominant Unit Cap. Rate: 2% 2 BR/60% 13

- Premiums (+60% Rents)
  - Yes
  - $193/Avg.

- Set-Aside General Activity

- New Construction Related Parties

- General Contractor - No

- Seller - No

- Debt Coverage: 1.16
- Expense Ratio: 56.1%

- Breakeven Occ.: 86.9%
- Breakeven Rent: $695

- Average Rent: $741
- E/ Rent Margin: $46

- Property Taxes: $965/unit
- Exemption/PILOT: 0%

- Total Expense: $4,706/unit
- Controllable: $2,654/unit

- Gross Capture Rate (30% Maximum)
  - 0.5%

- Highest Unit Capture Rate
  - 3% 3 BR/60% 7

- Dominant Unit Cap. Rate
  - 2% 2 BR/60% 13

- Premiums (+60% Rents)
  - Yes
  - $193/Avg.

- Rent Assisted Units
  - N/A

- Costs Underwritten: Applicant's Costs

- Avg. Unit Size: 1,042 SF
- Density: 8.0/acre

- Acquisition: $15K/unit
- $600K

- Building Cost: $88.31/SF
  - $92K/unit
  - $3,679K

- Hard Cost: $128K/unit
  - $5,102K

- Total Cost: $231K/unit
  - $9,232K

- Developer Fee: $1,392K (25% Deferred)
  - Paid Year: 14

- Contractor Fee: $620K (30% Boost)
  - Yes

19235 The Reserve at Saddleback Ranch

Application Summary

Overland Property Group
July 19, 2019

Patrick Beatty
Rex Vanier
Brett Johnson
Kit Sarai

Related Parties
Contractor - No
Seller - No

UNIT DISTRIBUTION

- # Beds: Eff - 0%
- # Units: 30%
- % Total: 8%

- # Beds: 1
  - # Units: 8
  - % Total: 20%

- # Beds: 2
  - # Units: 20
  - % Total: 50%

- # Beds: 3
  - # Units: 12
  - % Total: 30%

- # Beds: 4
  - # Units: 6
  - % Total: 15%

TOTAL
- # Beds: Total
  - # Units: 40
  - % Total: 100%

INCOME DISTRIBUTION

- Income: 30%
- # Units: 3
- % Total: 8%

- Income: 40%
- # Units: -
- % Total: 0%

- Income: 50%
- # Units: 7
- % Total: 18%

- Income: 60%
- # Units: 24
- % Total: 60%

- Income: 0%
- # Units: 6
- % Total: 15%

TOTAL
- Income: 40%
- # Units: 40
- % Total: 100%
Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources).

**CONDITIONS**

- Receipt and acceptance before Direct Loan Closing
  - a: Substantially final construction contract with Schedule of Values.
  - b: Updated term sheets with substantially final terms from all lenders
  - c: Substantially final draft of limited partnership agreement.
  - d: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at 1.15 DCR.
  - e: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
  - f: Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources).

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

**AERIAL PHOTOGRAPH(s)**

**RISK PROFILE**

- **STRENGTHS/MITIGATING FACTORS**
  - Developer experience
  - Low capture rates/high occupancies in PMA

**AREA MAP**

<table>
<thead>
<tr>
<th>DEBT (Must Pay)</th>
<th>CASH FLOW DEBT / GRANT FUNDS</th>
<th>EQUITY / DEFERRED FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong></td>
<td><strong>Term</strong></td>
<td><strong>Rate</strong></td>
</tr>
<tr>
<td>Horizon Bank</td>
<td>15/35</td>
<td>6.00%</td>
</tr>
<tr>
<td>TDHCA</td>
<td>15/30</td>
<td>2.50%</td>
</tr>
<tr>
<td><strong>TOTAL DEBT (Must Pay)</strong></td>
<td>$2,150,000</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOW DEBT / GRANTS</strong></td>
<td>$48,700</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CAPITALIZATION</strong></td>
<td>$9,232,465</td>
<td></td>
</tr>
</tbody>
</table>
# 19239 Talavera Lofts - Application Summary

## Property Identification
- **Application #**: 19239
- **Development**: Talavera Lofts
- **City / County**: Austin / Travis
- **Region/Area**: 7 / Urban
- **Population**: General
- **Set-Aside**: General
- **Activity**: New Construction

## TDHCA Program
- **Request**: $1,440,347
- **Recommended**: $15,656/Unit | $0.90

## KEY PRINCIPAL / SPONSOR
- **DMA Development Company**
  - Diana McIver
  - Janine Steak
  - JoEllen Smith

## Related Parties
- **Contractor**: No
- **Seller**: No

## Pro Forma Feasibility Indicators
- **Pro Forma Underwritten**: Applicant's Pro Forma
- **Debt Coverage**: 1.17
- **Expense Ratio**: 60.2%
- **Break-even Occ.**: $773
- **Breakeven Rent Margin**: $46
- **Average Rent**: $727
- **Breakeven Rent**: $727
- **Property Taxes**: $924/unit
- **Exemption/PILOT**: 0%
- **Total Expense**: $5,201/unit
- **Controllable**: $3,027/unit
- **B/E Rent Margin**: $46
- **Dominant Unit Cap. Rate**: 19%
- **0 BR/50% Cap. Rate**: 29
- **Premiums (+60% Rents)**: Yes
  - $65/Avg.
- **Multifamily Direct Loan (Deferred Forgivable)**

## Market Feasibility Indicators
- **Gross Capture Rate (10% Maximum)**: 2.1%
- **Highest Unit Capture Rate**: 19%
  - 0 BR/50% Cap. Rate: 29
- **Dominant Unit Cap. Rate**: 19%
  - 0 BR/50% Cap. Rate: 29
- **Premiums (+60% Rents)**: Yes
  - $65/Avg.
- **Rent Assisted Units**: N/A

## Development Cost Summary
- **Costs Underwritten**: Applicant's Costs
- **Avg. Unit Size**: 720 SF
- **Density**: 112.6/acre
- **Acquisition**: $00K/unit | $25K
- **Building Cost**: $128,24/Unit | $92K/unit | $8,492K
- **Hard Cost**: $108K/unit | $9,915K
- **Total Cost**: $194K/unit | $17,814K
- **Developer Fee**: $2,240K
  - (Deferred) Paid Year: 1
- **Contractor Fee**: $1,355K
  - 30% Boost
  - Yes

## Site Plan

![Site Plan](image-url)

## Unit Distribution

<table>
<thead>
<tr>
<th># Beds</th>
<th># Units</th>
<th>% Total</th>
<th>Income</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
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<td>30%</td>
<td>15</td>
<td>16%</td>
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<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
<td>13%</td>
<td>50%</td>
<td>46</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>9%</td>
<td>60%</td>
<td>29</td>
<td>32%</td>
</tr>
<tr>
<td>4</td>
<td>-</td>
<td>0%</td>
<td>MR</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>92</strong></td>
<td><strong>100%</strong></td>
<td><strong>TOTAL</strong></td>
<td><strong>92</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

## Income Distribution

- **Set-Aside**: General
- **Activity**: New Construction
<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chase Bank, N.A.</td>
<td>18/30</td>
<td>6.50%</td>
<td>$2,300,000</td>
<td>1.81</td>
</tr>
<tr>
<td>Austin Housing Finance Corp</td>
<td>40/40</td>
<td>0.00%</td>
<td>$2,000,000</td>
<td>1.17</td>
</tr>
<tr>
<td>RBC Capital</td>
<td></td>
<td></td>
<td>$12,961,827</td>
<td></td>
</tr>
<tr>
<td>DMA Development Company, LLC</td>
<td></td>
<td></td>
<td>$29,432</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DEBT (Must Pay)</strong></td>
<td></td>
<td></td>
<td>$2,300,000</td>
<td></td>
</tr>
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</table>

**CASH FLOW DEBT / GRANT FUNDS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Branch Bank</td>
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<td></td>
</tr>
<tr>
<td>Austin Housing Finance Corp</td>
<td>40/40</td>
<td>0.00%</td>
<td>$2,000,000</td>
<td>1.17</td>
</tr>
<tr>
<td><strong>TOTAL CASH FLOW DEBT / GRANTS</strong></td>
<td></td>
<td></td>
<td>$2,522,900</td>
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</table>

**EQUITY / DEFERRED FEES**

<table>
<thead>
<tr>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>DMA Development Company, LLC</td>
<td>$12,991,299</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY SOURCES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DEBT SOURCES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CAPITALIZATION</strong></td>
<td>$17,814,159</td>
</tr>
</tbody>
</table>

**WEAKNESSES/RISKS**

- Efficiencies are over 50% of unit mix
- Parking ratio 0.7 spaces per unit

**CONDITIONS**

1. Receipt and acceptance by Commitment:
   - Firm commitment for $2M loan from Austin Housing Finance Corporation clearly stating all terms and conditions.

2. Receipt and acceptance by 10% test:
   - Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.

3. Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:
   a. Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
   b. Certification that if any tanks and/or unanticipated impacted media associated with the tanks are encountered during redevelopment, that the tanks were properly removed and disposed of in accordance with applicable regulations and impacted media should be characterized, removed and disposed of in accordance with applicable regulations.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

**RISK PROFILE**

**STRENGTHS/MITIGATING FACTORS**

- Located in the Plaza Saltillo District - Transit Oriented
- Efficient use of a small site.
- Experienced developer

**WEAKNESSES/RISKS**

- Efficiencies are over 50% of unit mix
- Parking ratio 0.7 spaces per unit

**AREA MAP**

[Map Image]
### 19244 Mariposa Apartment Homes at Harris Road - Application Summary

**Property Identification**

| Application # | 19244 |
| Development | Mariposa Apartment Homes at Harris Road |
| City / County | Arlington / Tarrant |
| Region/Area | 3 / Urban |
| Population | Elderly Limitation |
| Activity | New Construction |

**TDHCA Program**

| Request | Recommended |
| $1,500,000 | $8,333 |

**Set-Aside**

| General |
| 0 |

**TDHCA Program**

| Request | Recommended |
| $1,500,000 | $8,333 |

**Amount**

| Unit | 0 $0 |

**Rate**

| 0.00% |

**Term**

| 0 |

**Amount**

| $1,500,000 |

**Income Distribution**

<table>
<thead>
<tr>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eff</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>59%</td>
</tr>
<tr>
<td>2</td>
<td>41%</td>
</tr>
<tr>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>4</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Pro Forma Feasibility Indicators**

- Pro Forma Underwritten: Applicant's Pro Forma
- Debt Coverage: 1.15
- Breakeven Occ.: 85.7%
- Breakeven Rent: $915
- Average Rent: $989
- Property Taxes: $762/unit
- Total Expense: $4,946/unit
- Controllable: $3,159/unit

**Market Feasibility Indicators**

- Gross Capture Rate (10% Maximum): 5.5%
- Highest Unit Capture Rate: 17% 1 BR/50% 28
- Dominant Unit Cap. Rate: 14% 1 BR/60% 37
- Rent Assisted Units: N/A

**Development Cost Summary**

- Building Cost: $87.65/SF $82K/unit $14,689K
- Hard Cost: $103K/unit $18,474K
- Total Cost: $172K/unit $30,924K
- Developer Fee: $3,575 (36% Deferral) Paid Year: 3
- Contractor Fee: $2,586K 30% Boost

### Key Principal / Sponsor

Stuart Shaw / Stuart Shaw Family Development, LLC

**Related Parties**

- Contractor: Yes
- Seller: No
1. Receipt and acceptance by Commitment:
   a. A revised term sheet from permanent lender that acknowledges Supportive Services pursuant to §1.302(d)(2)(K)(ii).
   b. Evidence of appropriate zoning for the proposed development.

2. Receipt and acceptance by 10% test:
   - Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.

3. Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:
   a. Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
   b. Certification that any water wells encountered on the site during development were plugged in accordance with the Texas Water Well Driller's Rule 30 TAC 338.48, and that a Plugging Report (TCEQ-0055) was filed with the State of Texas Water Well Driller's Board.
   c. Certification that any septic systems encountered on the site during development were removed per applicable regulations.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

**RISK PROFILE**

- Gross capture rate of 5.5%
- The two affordable properties still monitored in PMA average 99% occupancy
- Attractive design should enhance marketability
- Developer experience
- Interest rate sensitivity
- Feasibility dependent on high market premium rents on 45% of units

**CONDITIONS**

**AREA MAP**

**AERIAL PHOTOGRAPH(s)**

**DEBT (Must Pay)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellwether Enterprise</td>
<td>15/35</td>
<td>5.30%</td>
<td>$15,540,000</td>
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</table>

**CASH FLOW DEBT / GRANT FUNDS**

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
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<td>City of Arlington Fee Waiver</td>
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<td>0.00%</td>
<td>$500</td>
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**EQUITY / DEFERRED FEES**

<table>
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<th>Source</th>
<th>Amount</th>
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<tr>
<td>RBC Capital Markets</td>
<td>$14,098,590</td>
</tr>
<tr>
<td>Stuart Shaw Family Development, LLC</td>
<td>$1,285,315</td>
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</tbody>
</table>

**TOTAL DEBT SOURCES**

$15,540,000

**TOTAL DEBT (Must Pay)**

$15,540,000

**TOTAL CASH FLOW DEBT / GRANTS**

$500

**TOTAL EQUITY SOURCES**

$15,383,905

**TOTAL CAPITALIZATION**

$30,924,405
19304 The Residences at Overlook Ridge - Application Summary

**Property Identification**
- Application #: 19304
- Development: The Residences at Overlook Ridge
- City / County: Canyon Lake / Comal
- Region/Area: 9 / Rural
- Population: Elderly Limitation
- Set-Aside: General
- Activity: New Construction

**TDHCA Program**
- LIHTC (9% Credit): $600,000
- Amount: $1,700,000
- Rate: 2.00%
- Amort: 30
- Term: 30
- Lien: 1

**Building Cost**
- Building Cost: $127.45/SF, $94K/unit, $2,829K
- Hard Cost: $137K/unit, $4,123K
- Building Cost: $127.45/SF, $94K/unit, $2,829K
- Hard Cost: $137K/unit, $4,123K

**Costs Underwritten**
- Applicant's Costs
- TDHCA's Pro Forma

**Key Principal / Sponsor**
- Overland Property Group
- Patrick Beatty
- Rex Vanier
- Brett Johnson
- Kit Sarai

**Related Parties**
- Contractor: -
- Seller: -

**Unit Distribution**

<table>
<thead>
<tr>
<th># Beds</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td>-</td>
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</tr>
<tr>
<td>1</td>
<td>18</td>
<td>60%</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
<td>40%</td>
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<tr>
<td>3</td>
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<td>-</td>
<td>0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30</td>
<td>100%</td>
</tr>
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**Income Distribution**

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<thead>
<tr>
<th>Income</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MF Direct Loan Const. to Perm. (Repayable)</td>
<td>$1,700,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Gross Capture Rate (10% Maximum)**
- 1.7%

**Site Plan**

**Development Cost Summary**
- Costs Underwritten: Applicant's Costs
- Avg. Unit Size: 740 SF, Density: 5.7/acre
- Acquisition: $21K/unit, $637K
- Building Cost: $127.45/SF, $94K/unit, $2,829K
- Hard Cost: $137K/unit, $4,123K
- Total Cost: $252K/unit, $7,573K
- Developer Fee: $1,111K (21% Deferred), Paid Year: 9
- Contractor Fee: $512K (30% Boost), Yes

**DEVELOPMENT COST SUMMARY**
- Applicant's Costs
- Avg. Unit Size: 740 SF, Density: 5.7/acre
- Acquisition: $21K/unit, $637K
- Building Cost: $127.45/SF, $94K/unit, $2,829K
- Hard Cost: $137K/unit, $4,123K
- Total Cost: $252K/unit, $7,573K
- Developer Fee: $1,111K (21% Deferred), Paid Year: 9
- Contractor Fee: $512K (30% Boost), Yes

**Pro Forma Underwritten**
- TDHCA's Pro Forma

**Debt Coverage**
- 1.32

**Expense Ratio**
- 56.9%

**Break-even Occ.**
- 82.9%

**Break-even Rent**
- $605

**B/E Rent Margin**
- $72

**Average Rent**
- $677

**B/E Rent Margin**
- $72

**Population**
- Elderly Limitation

**Region/Area**
- 9 / Rural
## CONDITIONS

1. Receipt and acceptance before Direct Loan Closing:
   a. Substantially final construction contract with Schedule of Values.
   b. Updated term sheets with substantially final terms from all lenders.
   c. Substantially final draft of limited partnership agreement.
   d. Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.
   e. Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources).
   f. Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2. Receipt and acceptance by Carryover:
   - A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

3. Receipt and acceptance by Cost Certification:
   a. Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
      - For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner’s expense covering both the buildings and the residents’ personal property; and certification from the owner that flood insurance for the buildings and for the residents’ personal property will remain in force as long as the site remains a designated floodplain.
   b. If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

## RISK PROFILE

**STRENGTHS/MITIGATING FACTORS**
- Strong feasibility indicators
- Developer experience
- Low capture rates/high occupancies in PMA

**WEAKNESSES/RISKS**
- Southeast corner of property in Flood Zone AE

## AREA MAP

[Map of the area showing the location of the property and flood zones]

## AERIAL PHOTOGRAPH(s)

[Aerial photograph of the property area]

## DEBT (Must Pay)

<table>
<thead>
<tr>
<th>Source</th>
<th>Term</th>
<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
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</thead>
<tbody>
<tr>
<td>TDHCA</td>
<td>30/30</td>
<td>5.00%</td>
<td>$1,700,000</td>
<td>1.32</td>
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## CASH FLOW DEBT / GRANT FUNDS

<table>
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<th>Term</th>
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<tr>
<td>Comal County</td>
<td>N/A</td>
<td>2.00%</td>
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<tr>
<td>MCP Group</td>
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<td>$86,700</td>
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<table>
<thead>
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<tr>
<td>MHEG</td>
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<tr>
<td>Overland Property Group</td>
<td>$236,840</td>
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## EQUITY / DEFERRED FEES

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<tbody>
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<td>Comal County</td>
<td>$250</td>
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<tr>
<td>MCP Group</td>
<td>$86,700</td>
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## TOTAL DEBTS SOURCES

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<tbody>
<tr>
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<td>$1,786,950</td>
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## TOTAL CAPITALIZATION

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</thead>
<tbody>
<tr>
<td>TOTAL CAPITALIZATION</td>
<td>$7,573,235</td>
</tr>
</tbody>
</table>

## DOCUMENTATION

- Updated TDHCA application exhibits (rent schedule, operating expenses, long-term pro forma, development cost schedule, schedule of sources)
- Substantially final draft of limited partnership agreement
- Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines
- A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required
- Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
- Receipt and acceptance by Carryover:
  - A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

When any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.
# 19307 Briarwest Apartments - Application Summary

## Property Identification

<table>
<thead>
<tr>
<th>Application #</th>
<th>19307</th>
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</thead>
<tbody>
<tr>
<td>Development</td>
<td>Briarwest Apartments</td>
</tr>
<tr>
<td>City / County</td>
<td>Houston / Harris</td>
</tr>
<tr>
<td>Region/Area</td>
<td>6 / Urban</td>
</tr>
<tr>
<td>Population</td>
<td>General</td>
</tr>
<tr>
<td>Set-Aside</td>
<td>General</td>
</tr>
<tr>
<td>Activity</td>
<td>New Construction</td>
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</table>

## Recommendation

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<tr>
<th>TDHCA Program</th>
<th>Request</th>
<th>Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC (9% Credit)</td>
<td>$1,500,000</td>
<td>$12,500/Unit</td>
</tr>
</tbody>
</table>

## Key Principal / Sponsor

Chris Richardson / Nantucket Housing LLC  
&  
Christian Fuqua / Richco Rinehart Investments, LLC

### Related Parties

- Contractor - Yes
- Seller - No

## Typical Building Elevation / Photo

![Typical Building Elevation/Photo](image)

## Unit Distribution

<table>
<thead>
<tr>
<th>Eff</th>
<th># Beds</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
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<td>45</td>
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</tr>
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## Income Distribution

<table>
<thead>
<tr>
<th>Income</th>
<th># Units</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>10</td>
<td>8%</td>
</tr>
<tr>
<td>40%</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>50%</td>
<td>40</td>
<td>33%</td>
</tr>
<tr>
<td>60%</td>
<td>50</td>
<td>42%</td>
</tr>
<tr>
<td>MR</td>
<td>20</td>
<td>17%</td>
</tr>
</tbody>
</table>

## Pro Forma Feasibility Indicators

- **Pro Forma Underwritten**: Applicant's Pro Forma
- **Debt Coverage**: 1.29
- **Expense Ratio**: 57.8%
- **Breakeven Occ.**: 83.7%
- **Breakeven Rent**: $734
- **Average Rent**: $814
- **Breakeven Occ. Revenue**: $984
- **Breakeven Rent Margin**: $78
- **Dominant Unit Cap. Rate**: 3%
- **1 BR/50%**: 27
- **Premiums (+60% Rents)**: Yes
- **Rent Assisted Units**: N/A

## Market Feasibility Indicators

- **Gross Capture Rate (10% Maximum)**: 0.7%
- **Highest Unit Capture Rate**: 3%
- **1 BR/50%**: 27
- **Dominant Unit Cap. Rate**: 3%
- **1 BR/50%**: 27
- **Rent Assisted Units**: N/A

## Development Cost Summary

<table>
<thead>
<tr>
<th>Costs Underwritten</th>
<th>Applicant's Costs</th>
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<tbody>
<tr>
<td>Avg. Unit Size</td>
<td>853 SF</td>
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<tr>
<td>Acquisition</td>
<td>$21K/unit</td>
</tr>
<tr>
<td>Building Cost</td>
<td>$93.46/Unit</td>
</tr>
<tr>
<td>Hard Cost</td>
<td>$101K/unit</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$176K/unit</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$2,262K</td>
</tr>
<tr>
<td>Contractor Fee</td>
<td>$1,690K</td>
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## Site Plan

![Site Plan](image)

---

**REAL ESTATE ANALYSIS DIVISION**  
July 17, 2019
<table>
<thead>
<tr>
<th>Source</th>
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<th>Rate</th>
<th>Amount</th>
<th>DCR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America</td>
<td>18/35</td>
<td>6.50%</td>
<td>$4,700,000</td>
<td>1.38</td>
</tr>
<tr>
<td>City of Houston - CDBG Loan</td>
<td>18</td>
<td>1.00%</td>
<td>$2,500,000</td>
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<tr>
<td>Briarwest Developers, LLC</td>
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</table>

<table>
<thead>
<tr>
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<tr>
<td>Briarwest Developers, LLC</td>
<td>$71,852</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>TOTAL EQUITY SOURCES</td>
<td>$13,870,472</td>
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<tr>
<td>TOTAL DEBT SOURCES</td>
<td>$7,200,000</td>
</tr>
<tr>
<td>TOTAL CAPITALIZATION</td>
<td>$21,070,472</td>
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</tbody>
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**CONDITIONS**

1. Receipt and acceptance by Commitment:
   a. Revised term sheet from the City of Houston addressed to NH Briarwest LP (tbf), as discussed below, for the $2.5M of CDBG-DR funds with all terms and conditions.
   b. City of Houston's completed cost allocation worksheet indicating eligible expenses to be funded with CDBG-DR proceeds.
   c. Clarification from the applicant's ESA provider addressing their discrepancy in reporting Lead in Drinking Water above the maximum contamination level (MCL) in the 2017 Annual Drinking Water Quality Report for the City of Houston, with no further tests necessary at the subject property.

2. Receipt and acceptance by Carryover:
   a. A Wetlands and Jurisdictional Waters of the United States Determination Report with a clear determination of the wetland status of the subject site, indicating whether any mitigation is required.

3. Receipt and acceptance by Commitment:
   a. Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.

4. Receipt and acceptance by 10% test:
   a. Documentation that a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.

5. Receipt and acceptance by Cost Certification:
   a. CPA prepared schedule allocating the CDBG-DR funds to costs that are tax credit basis eligible and non-tax credit basis eligible. If any CDBG-DR funds are used for tax credit basis eligible costs, indicate how those funds are being treated with respect to eligible basis. If any funds are being treated as bona fide debt and not deducted from eligible basis, provide an attorney opinion confirming that the debt is determined to be bona fide debt with a reasonable expectation that it will be repaid in full.
   b. Architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are no more than 6 inches below the floodplain; or certification (including a Letter of Map Amendment or Revision "LOMA / LOMR-F") if applicable, documenting that the development is not within the 100 year floodplain.
   c. For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner's expense covering both the buildings and the residents' personal property; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force as long as the site remains a designated floodplain.
   d. Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
   e. If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.
19364 Villas Cedar Grove - Application Summary

PROPERTY IDENTIFICATION
- Application #: 19364
- Development: Villas Cedar Grove
- City / County: Lufkin / Angelina
- Region/Area: 5 / Rural
- Population: Elderly Limitation
- Set-Aside: General
- Activity: New Construction

TDHCA Program
- LIHTC (9% Credit): $1,007,000
- $1,005,299
- $14,784/Unit
- $0.89

DEVELOPMENT COST SUMMARY
- Total Cost: $169K/unit $11,520K
- Contractor Fee: $941K
- 30% Boost: Yes
- Total Cost: $77.88/SF $72K/unit $4,889K
- Hard Cost: $99K/unit $6,731K
- Building Cost: $77.88/SF $72K/unit $4,889K
- Acquisition: $06K/unit $420K
- Developer Fee: $1,294K (25% Deferred) Paid Year: 10

SITE PLAN MARKET FEASIBILITY INDICATORS
- Gross Capture Rate (10% Maximum): 2.9%
- Highest Unit Capture Rate: 10% 2 BR/60% 21
- Dominant Unit Cap. Rate: 10% 2 BR/60% 21
- Premiums (+60% Rents): Yes $81/Avg.
- Rent Assisted Units: N/A

TYPICAL BUILDING ELEVATION/ PHOTO

UNIT DISTRIBUTION
- # Beds | # Units | % Total
- Eff | 0 | 0%
- 1 | 32 | 47%
- 2 | 36 | 53%
- 3 | - | 0%
- 4 | - | 0%
- TOTAL | 68 | 100%

INCOME DISTRIBUTION
- Income | # Units | % Total
- 30% | 6 | 9%
- 40% | - | 0%
- 50% | 15 | 22%
- 60% | 39 | 57%
- MR | 8 | 12%
- TOTAL | 68 | 100%

PRO FORMA FEASIBILITY INDICATORS
- Pro Forma Underwritten: TDHCA’s Pro Forma
- Debt Coverage: 1.21
- Expense Ratio: 60.1%
- Breakeven Occ.: 86.2%
- Breakeven Rent: $548
- Average Rent: $590/Unit
- B/E Rent Margin: $42
- Property Taxes: $559/Unit
- Exemption/ PILOT: 0%
- Total Expense: $4,069/unit
- Controllable: $2,482/unit

MARKET FEASIBILITY INDICATORS
- Costs Underwritten: Applicant’s Costs
- Avg. Unit Size: 923 SF
- Density: 10.9/acre
- Acquisition: $06K/unit $420K
- Building Cost: $77.88/SF $72K/unit $4,889K
- Hard Cost: $99K/unit $6,731K
- Total Cost: $1,69K/unit $11,520K
- Developer Fee: $1,294K (25% Deferred) Paid Year: 10
- Contractor Fee: $941K 30% Boost: Yes

REAL ESTATE ANALYSIS DIVISION
July 19, 2019

TDHCA Program Request Recommended

Realtex Development - Rick Deyoe

Related Parties | Contractor - No | Seller - no

19364 Villas at Cedar Grove
Printed: 7/19/19
## CONDITIONS

1. Receipt and acceptance by Commitment:
   - Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.

2. Receipt and acceptance by Carryover:
   - a. Certification that if the site is in the 100-year floodplain when it places in service, all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.
   - b. Development plans incorporate mitigation measures sufficient to satisfy HUD Acceptable Separation Distance (“ASD”) guidelines related to residential propane tanks on adjacent properties.

3. Receipt and acceptance by 10% test:
   - a. Documentation of a noise study has been completed, and Architect certification that all recommendations from the noise study are incorporated into the development plans.
   - b. Architect certification that the development plans incorporate mitigation measures sufficient to satisfy HUD Acceptable Separation Distance (“ASD”) guidelines related to residential propane tanks on adjacent properties.

4. Receipt and acceptance by Carryover:
   - a. Certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
   - b. Architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain; or certification (including a Letter of Map Amendment or Revision (“LOMA / LOMR-F”) if applicable, documenting that the development is not within the 100-year floodplain.

   For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner’s expense covering both the buildings and the residents’ personal property; and certification from the owner that flood insurance for the buildings and for the residents’ personal property will remain in force as long as the site remains a designated floodplain.

   c. Architect certification that mitigation measures for HUD ASD guidelines were successfully implemented in the completion of the Development.

   d. If any portion of the site is determined to be a wetland area, certification that compliance with all federal, state and local wetland mitigation requirements has been met.

   Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

### AERIAL PHOTOGRAPH(s)

![Aerial Photograph](image)

### AREA MAP

![Area Map](image)