

BOARD MEETING OF APRIL 12, 2007

Beth Anderson, Chair

C. Kent Conine, Vice-Chair



Shadrick Bogany, Member

Sonny Flores, Member

Norberto Salinas, Member

Gloria Ray, Member

MISSION

***TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS***

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**BOARD MEETING
April 12, 2007**

ROLL CALL

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

_____, Presiding Officer

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING**

April 12, 2007

8:30 am

**William P. Clements Building
300 West 15th Street, Room 103**

A G E N D A

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

Elizabeth Anderson
Chair of Board

Resolution recognizing April as Fair Housing Month, Resolution No. 07-011

PUBLIC COMMENT

The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

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

CONSENT AGENDA

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

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

General Administration Items:

- a) Minutes of the Board Meeting of March 20, 2007

Multifamily Items:

- b) Presentation, Discussion and Possible Action for Housing Tax Credit Amendments:
04151 Renaissance Courts Denton

Community Development Block Grant Items Administered by the Office of Rural Community Affairs:

- c) Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Critical Infrastructure Program, subject to HUD approval of the partial Action Plan

Community Development Block Grant (CDBG) Items:

- d) Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program, subject to HUD approval of the partial Action Plan

Community Services Items:

- e) Presentation, Discussion and Possible Approval of DOE and LIHEAP Weatherization Annual Funding Allocation

Legal Services Items:

- f) Presentation, Discussion, and Possible Approval for publication in the Texas Register of a final order adopting new § 1.20, concerning Asset Resolution and Enforcement, to be codified at 10 T.A.C § 1.20.
- g) Presentation, Discussion, and Possible Approval for publication in the Texas Register of a final order adopting new §1.19, concerning Deobligation Policy, to be codified at 10 T.A.C §1.19.

- h) Presentation, Discussion, and Possible Approval for publication in the Texas Register of a final order adopting amended §53.62, concerning Program Administration, to be codified at 10 T.A.C §53.62.
- i) Presentation, Discussion, and Possible Approval for publication in the Texas Register of a draft order to receive public comments on proposed amendments to §60.1, concerning Purpose, and proposed new §60.23, concerning Community Development Block Grant Disaster Recovery Properties

Asset Resolution Items:

- j) Request Approval to Set aside the Current Balance of Below Market Interest Rate Program (BMIR) funds for use in Asset Management

ACTION ITEMS

Item 2: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:

- a) Presentation, Discussion and Possible Action for 2007 Competitive Housing Tax Credit Appeals:
Alamito Place Apartments El Paso

All other Appeals timely filed
- b) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

07409 Home Towne at Matador Ranch, Fort Worth, Tarrant County, Texas
 Tarrant County HFC is the Issuer
 Recommended Credit Amount of \$575,046

Item 3: Presentation, Discussion and Possible Approval of Community Development Block Grant Items:

- a) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery contracts:

C060002 Deep East Texas Council of Governments
C060003 South East Texas Regional Planning Commission
- b) General Update on CDBG Disaster Recovery Program

Item 4: Presentation, Discussion and Approval of Office of Colonia Initiatives Items:

- a) Presentation, Discussion and Possible Approval of Colonia Self-Help Center Awards to:

Starr County
Maverick County
- b) Presentation, Discussion and Possible Approval of Texas Bootstrap Loan Program contract extensions:

854202 Edinburg Housing Opportunity Corporation
854200 Community Services Agency of South Texas

Item 5: Presentation, Discussion and Possible Approval of Portfolio Management & Compliance Division Items:

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

530201	Community Services Agency of South Texas, Inc.
531114	Statewide Consolidated Community Development Corporation
542054	Housing Plus, Inc.
1000474	Bluebonnet Trails Community MHMR Center
1000529	City of Bay City
1000534	The Latino Education Project
1000602	Orange County
1000603	Hardin County

Item 6: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

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

07604 Terraces at Cibolo, Boerne, Houston Texas for a bond Amount Not to Exceed \$10,000,000 and the Issuance of a Determination Notice Recommended Credit Amount of \$588,451. Resolution No. 07-009

- b) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution No. 07-012:

07624 Ennis Senior Estates Ennis

Item 7: Presentation, Discussion and Possible Approval of Bond Finance Items:

- a) Presentation, Discussion and Possible Approval to establish policy under which Fannie Mae and Freddie Mac securitize TDHCA's conventional mortgage loans

EXECUTIVE SESSION

Elizabeth Anderson

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
1. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
 2. With Respect to pending litigation styled *Ballard v. TDHCA* Filed in Federal Court
 3. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Director's Report

1. TDHCA Outreach Activities, March 2007
2. Monthly Report on HOME Amendments Granted
3. Summary of HOME Amendments Granted
4. HOME Program Balances
5. Report on Floresville Senior Housing

ADJOURN

Elizabeth Anderson

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

March 20, 2007;8:30 AM
Clements Building, 300 W. 15th Street, Room 103

SUMMARY OF MINUTES

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

The Board Meeting of the Texas Department of Housing and Community Affairs of March 20, 2007 was called to order by the Chair, Elizabeth Anderson at 8:38 a.m. It was held at the Clements Building, 300 W. 15th Street, Austin, Texas. Roll call certified a quorum was present.

Members Present:

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

PUBLIC COMMENT

The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

No public comment.

CONSENT AGENDA

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

AGENDA ITEM 1:

Approval of the following items presented in the Board materials:

General Administration Items:

- a) Minutes of the Board Meeting of February 1, 2007
- b) Presentation, Discussion and Possible Approval of the Department's Investment Policy, Resolution No 07-006

Community Development Block Grant Items Administered by the Office of Rural Community Affairs:

- c) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG contracts administered by ORCA:
 - Contract #: DRS060019 Contractor Crockett
 - Contract #: DRS060047 Contractor Kountze
 - Contract #: DRS060051 Contractor Lovelady
 - Contract #: DRS060059 Contractor New Waverly
 - Contract #: DRS060091 Contractor Walker County

- d) Presentation, Discussion, and Possible Approval of a Notice of Funding Availability (NOFA) with priorities for applicants for the Unreserved Funds for Restoration of Critical Infrastructure as provided for in the Partial Texas Action Plan Related to the Second Supplemental of Funding for Disaster Recovery to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005
Information was discussed to include "DRAFT" and take out for public input.

Community Development Block Grant (CDBG) Items:

- e) Presentation, Discussion and Possible Approval of an Notice of Funding Availability (NOFA) from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program
Information was discussed to include "DRAFT" and take out for public input.

Community Affairs Division Items

- f) Presentation, Discussion and Possible Approval of revision of the Emergency Shelter Grants Program (ESGP) rules 10 Texas Administrative Code, Chapter 5, Subchapter C, §5.204 (a)(1); cancellation of the FY 2007 ESGP Application Cycle released in November 2006 in order to incorporate the aforementioned revision of ESGP 10 TAC Rules; and the re-issuance of the FY 2007 ESGP Application Cycle

Portfolio Management & Compliance Division Items:

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

1000223 ARCIL, Inc
1000596 Jefferson County

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

ACTION ITEMS

AGENDA ITEM 2:

Nomination and election of Board officers as required by Texas Government Code §2306.030

Motion made by Mr. Bogany to nominate Kent Conine as Vice Chair; seconded by Mr. Flores; passed unanimously.

Motion made by Mr. Bogany to nominate Kevin Hamby as Secretary/Treasurer; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 3:

Presentation, Discussion and Possible approval of Community Development Block Grant Items:

- a) **Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG contracts administered by ORCA for Contract #DRSCOG06001, Contract Deep East Texas Council of Governments**

Charlie Stone, Executive Director, Office of Rural and Community Affairs, provided testimony.

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

- b) **Update on Community Development Block Grant related to disaster relief**

Mr. Gerber provided report and update on CDBG Issues.

Charlie Stone, Executive Director, Office of Rural and Community Affairs, provided testimony.

No action taken.

AGENDA ITEM 4:

Presentation, Discussion and Approval of Real Estate Analysis Items:

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting of a development under the HOME program, development Floresville Senior Housing in Floresville, TX

Jesse Perez Executive Director for the Floresville Economic Development Corporation, provided testimony.

Sharon Boester, Executive Director of the Floresville Housing Authority, provided testimony.

Mike Harms, Executive Director of the Center for Housing and Economic Opportunities, provided testimony.

Motion made by Mr. Conine to table until April meeting; seconded by Ms. Ray; passed unanimously.

AGENDA ITEM 5:

Presentation, Discussion and Approval of Housing Trust Fund Items:

Presentation, discussion and possible Approval of the 2007 Housing Trust Fund Funding Plan
Withdrawn from consideration.

AGENDA ITEM 6:

Presentation, Discussion and Possible Approval of Department Rules

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of final Amendments to Title 10, Part 1, Chapter 60, Subchapter A, Compliance Monitoring

Patricia Murphy, Manager, Compliance Monitoring Division, provided report.

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

AGENDA ITEM 7:

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

a) Presentation, Discussion and Possible Ratification of an Interpretation on the Application of §49.9(c) of the 2007 Qualified Allocation Plan and Rules (QAP) regarding Adherence to Obligations and the handling of Penalty Points for Amendments

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

b) Presentation, Discussion and Possible Action for Housing Tax Credit Amendments:

060080 Spanish Creek Apartments El Paso

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

070001 Fairway Crossing Dallas

Granger McDonald, provided testimony.

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

02135 Lakeridge Apartments Texarkana

Jerry Moore, provided testimony.

Motion made by Mr. Conine to approve, subject to General Counsel approving the LURA; seconded by Mayor Salinas; passed unanimously.

05238 Hamilton Manor Apartments Hamilton

Louis Williams, general partner of Hamilton Charger Properties, provided testimony.

Motion made by Mr. Conine to grant the applicant's appeal, subject to an adjusted LURA agreed to by the General Counsel; seconded by Mr. Bogany; passed unanimously.

05044 Copperwood The Woodlands

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

060056 Langwick Senior Residences Houston

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

03184 Pegasus Dallas

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

AGENDA ITEM 8:

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

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

07602 Villas of Mesquite Creek, Mesquite, Texas for a bond Amount Not to Exceed \$17,210,000 and the Issuance of a Determination Notice Recommended Credit Amount of \$715,386. Resolution No. 07-008

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

b) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution No. 07-003:

Motion made by Mr. Conine to approve Resolution 07-003; seconded by Mr. Bogany; passed unanimously.

07621 The Residences at Onion Creek Austin

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

07622 The Residences on Old Denton Road Fort Worth

Jennifer Pinault, provided testimony.

Lisa Black, provided testimony.

Dan Algeier, NuRock Development, provided testimony.

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

07623 Lakeside Apartments Texas City

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

AGENDA ITEM 9:

Presentation, Discussion and Possible Approval of Bond Finance Items

Presentation, Discussion and Possible Approval of Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A, Program 69, Resolution No. 07-005

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

EXECUTIVE SESSION

At 11:00 a.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 12:20 p.m.

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
 1. With Respect to pending litigation styled *TP Seniors II, Ltd. v. TDHCA*, filed in State Court in Travis County, Texas
 2. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
 3. With Respect to pending litigation styled *Ballard v. TDHCA* Filed in Federal Court
 4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting
- d) Consultation with Attorney Pursuant to §551.071(b), Texas Government Code:
 5. With Respect to attorney client communications regarding pending legal issues on potential contract ramifications related to mortgage lending contracts with national mortgage corporations

OPEN SESSION

Ms. Anderson reconvened Open Session at 12:30 p.m. and announced that no action had been taken during Executive Session and certified that the posted agenda was followed.

AGENDA ITEM 7 CONTINUED:

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

- c) **Discussion regarding process for reallocation of Tax Credits and extensions of commencement of substantial construction period because of inability to meet deadlines to use credits**

No action taken.

- d) **Presentation, Discussion and Possible Action of Request for Reallocation of Housing Tax Credits**

05225	Normangee Apartments	Normangee
05226	Lytle Apartments	Lytle
05228	City Oaks Apartments	Johnson City
05231	Kerrville Housing	Kerrville

Steve Wasserman, provided testimony.

Robbye Meyer, Director of Multifamily, provided report.

Tom Gouris, Director, Real Estate Analysis, provided report.

Motion made by Mr. Conine to approve the staff's recommendation to deny request; seconded by Mr. Bogany; passed unanimously.

- e) **Presentation, Discussion and Possible Action on Housing Tax Credit Determination Notices for Mortgage Revenue Bond Transactions with Other Issuers:**

060420	Gardens of DeCordova	\$660,812
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Eric Opiela, provided testimony.

Motion made by Mr. Bogany to approve the amount of \$281,258 which was amount originally requested; seconded by Mr. Conine; passed unanimously.

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

07403	Amelia Parc, Fort Worth, Texas; Tarrant County HFC is the Issuer; Recommended Credit Amount of \$738,472
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Motion made by Mr. Conine to approve; seconded by Mr. Bogany; passed unanimously.

REPORT ITEMS

Executive Director's Report

- 1) TDHCA Outreach Activities, February 2007
- 2) Staff Recommendation relating to RFP for Owned Real Estate Management Companies

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 12:50 p.m.

Mr. Kevin Hamby
Board Secretary

NOTE:

For a full transcript of this meeting, please see the TDHCA website at: www.TDHCA.state.tx.us

**MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST**

April 12, 2007

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a “material alteration,” would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

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

Limitations on the Approval of Amendment Requests

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

Penalties for Amendment Requests

At the March 20, 2007 Board meeting, the Board ratified the Department’s General Counsel’s Legal Determination of §49.9(c) of the 2007 Qualified Allocation Plan and Rules (QAP) to be read as “not requiring, or even authorizing, penalty points when an amendment is requested in advance and approved by the Board. For amendments that are not currently considered by the Board and therefore not considered material by the Board, the penalty points would also not apply. For purposes of the application of this interpretation, the term “in advance” would mean prior to the event or action taken that required an amendment.”

The penalty points will apply, unless the Board waived the rule, to those applicants who did “...not provide the necessary evidence for any points received by the required deadline” unless the deadline under the QAP could be extended by request and the applicant had received approval for an extended deadline from the Board in advance.

HTC No. 04151, Renaissance Courts

Summary of Request: The owner requests the Board's acceptance of an error in the original application. The application's rent schedule described all 67 two bedroom units as having two bathrooms however the plans submitted with the application indicated 53 of the two bedroom units to contain one and a half bathrooms. These are townhome style units with no bedrooms downstairs.

The score of the application and the recommendation for an award of tax credits would not have been affected by the difference in bathroom count.

Owner:	Renaissance Court, L.P.
General Partner:	Renaissance Court Public Facility Corporation
Developers:	Carleton Development, Ltd.
Principals/Interested Parties:	Housing Authority of the City of Denton (HACD), Co-GP HACD, Printice Gary, David Kelly, Neal Hildebrandt
Syndicator:	Red Capital Group
Construction Lender:	Key Corporation (HUD 221(d)(4))
Permanent Lender:	Key Corporation
Other Funding:	NA
City/County:	Denton/Denton
Set-Aside:	General
Type of Area:	Exurban
Type of Development:	New Construction
Population Served:	General Population
Units:	120 HTC units and 30 market rate units
2004 Allocation:	\$900,015
Allocation per HTC Unit:	\$7,500
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	
Staff Recommendation:	Staff recommends approving the request. The change would not alter the development in a negative manner nor would have adversely affected the selection of the application.
Penalty Assessment:	No penalty assessment is recommended because the request was made prior to the December 1, 2006 effective date of the penalty language in the QAP.

Carleton Residential Properties

5485 Belt Line Road
Suite 300
Dallas, Texas 75254

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

November 1, 2006

RECEIVED
NOV 02 2006
Multifamily Finance Division

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701

Dear Mr. Sheppard:

It is my understanding that we need to apply for an amendment for our Renaissance Courts development (TDHCA #04151). As noted by Gavin Reid in his letter to us dated September 19, 2006, the rent schedule in our application shows 67 two bedroom, two bath units when in fact we have 53 two bedroom, one and one half bath units and 14 two bedroom, two bath units. After looking into this further, we have determined that this was an error on our rent schedule in the application as evidenced by the plans that we submitted with the application. The plans correctly reflected our intent to build 53 two bedroom, one and one half bath units and 14 two bedroom, two bath units.

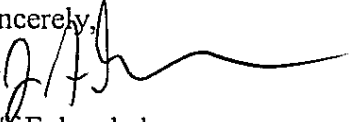
The 2004 application did not utilize the new Volume 1, Tab 2 Activity Overview, Part F form that shows the building by building unit type, but we have completed this form (and enclosed it with this letter) based on the plans included in the applications. We have also enclosed a copy of the plans submitted with the application for your convenience. Using Activity Overview, Part F form it is easy to see that the plans contemplated the 53 two bedroom units, one and one half bath units. These units are town home units with no bedroom downstairs and therefore they have one full bath upstairs including a "Jack and Jill" design with two vanity areas and a half bath downstairs.

We simply made an error when inputting the unit mix onto the rent schedule as both the two bedroom, two bath units and two bedrooms, one and one half bath units had the same net rentable square footage. You will find that the unit mix that we have built matches the unit mix on the architectural plans shown in the application. The net rental square footage ended up slightly larger (around 5,800 square feet) due to small design revisions as the plans went from schematics to actual buildable plans.

As we completed construction of our development at this time, we have enclosed the cost certification forms with this letter. While the audited cost certification is not complete at this time, this should provide you with a financial overview of completed development. We have also enclosed some photographs of the property that will hope will show the level of quality affordable housing that this development provides.

Thank you for your time on this matter. Should you have any question on this matter, please feel free to call me at (972) 980-9810.

Sincerely,



Jeff Fulenchek
Director of Affordable Housing,
Carleton Development, Ltd., co-developer
Of Samuels Place

enclosures

OFFICE OF RURAL COMMUNITY AFFAIRS

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Critical Infrastructure, subject to HUD approval of the partial Action Plan.

Requested Action

Approval of the Draft NOFA established by the Office of Rural Community Affairs (ORCA) for the Unreserved Funds for Restoration of Critical Infrastructure Activities related to non-housing activities under the State of Texas Partial Texas Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005.

Background

On October 30, 2006 the State of Texas received formal notification that the State would be receiving an additional \$428,671,849 in supplemental disaster funding from the CDBG Program for consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005. Shortly thereafter, TDHCA, as the lead funding agency, developed a Partial Action Plan (Plan) that allocated forty two million dollars (\$42,000,000) for the restoration of critical infrastructure within the twenty nine affected counties. The Plan was approved by the Governing Board on February 1, 2007 and was submitted to the U.S. Department of Housing and Urban Development (HUD) for approval February 6, 2007. ORCA was directed to prepare a NOFA during the February 1, 2007 Board Meeting that established priorities for the unreserved funds totaling twenty-two million two hundred thousand dollars (\$22,200,000) and to be prepared to take applications for the competitive award of these funds within 120 days of HUD approval of the Plan.

The NOFA provides for the following scoring: project type (200 points), the total amount of damage sustained by the applicant in the project area (100 points), and amount of damages per capita (100 points) for a maximum total score of 400 points. The NOFA provides prioritization detail.

Summary of Staff's Recommended Changes

Input received at the round tables has been considered in the recommended changes to the Draft NOFA as follows (note: this section does not include minor administrative changes added for general clarification).

1 – Eligible and Ineligible Activities

Comment:

Multiple attendees asked about using supplemental funds to repair city and county owned facilities damaged by Rita such as city halls and emergency operation centers.

Staff Response:

Costs related to general conduct of government activities are generally not CDBG eligible expenditures. Although Louisiana requested and received a limited waiver from HUD for this purpose, the state of Texas has not requested this waiver and the Action Plan does not allow for these types of activities. Staff recommends no change.

2 – Eligible and Ineligible Activities

Comment:

Multiple attendees asked about the prohibition on non-municipally owned utilities as an eligible use of the supplemental funds since the majority of counties do not own their own utilities.

Staff Response:

Under the annual community development program, communities are allowed to apply on behalf of non-municipally owned utilities; however the Action Plan does not allow for this activity. Staff recommends no change to the NOFA.

3 – Project Type

Comment:

An attendee asked about the low score given to generator projects in the points criteria.

Staff Response:

Generators are eligible uses of the supplemental funding but were not prioritized in scoring due to the limited availability of the funds. The intent is to repair physical damage associated with Hurricane Rita over mitigation for future events for which other sources of funding could be available. Staff recommends no change to the scoring.

4 – Project Type

Comment:

An attendee asked about the need to link housing units to the scoring for non-housing activities.

Staff Response:

In order to be able to differentiate drainage, debris, and property buyout activities from each other ORCA chose at the direction of the TDHCA Governing Board to prioritize activities impacting the greatest number of housing stock. Staff recommends no change to the scoring.

5 – Amount of Damages

Comment:

An attendee commented on the reliability of FEMA data to establish points.

Staff Response:

While ORCA recognizes the limitations of the data gathered by FEMA, there is no other regional source of data that could be used to compare projects against one another regionally. Staff recommends no change to the amount of damages calculations.

Recommendation

Staff recommends approval of the Final Notice of Funding Availability with permission to revise the NOFA as necessary to reflect any changes indicated by HUD as part of their approval of the plan or to revise dates based on the date of HUD approval.

Office of Rural Community Affairs

CDBG Disaster Recovery Program Notice of Funding Availability (NOFA)

1) Summary

- a) Office of Rural Community Affairs (“ORCA”) announces the availability of \$22,200,000 in federal funding from the Community Development Block Grant (CDBG) Disaster Recovery Program to be used for the restoration of critical infrastructure damaged by Hurricane Rita in the 29 counties directly affected by Hurricane Rita and designated in the *State of Texas Action Plan for CDBG Disaster Recovery* (Action Plan). The availability and use of these funds is subject to the Action Plan, Title I of the Housing and Community Development Act (Act), State CDBG Program rules at 24 CFR 570, and Chapter 2306, Texas Government Code unless specifically waived in the Federal Register dated February 13, 2006 or October 30, 2006.
- b) Applicants will be scored based on Section 5 of this NOFA.
- c) Applications will be due no later than 120 days after the U.S. Department of Housing and Urban Development approves the *State of Texas Action Plan for CDBG Disaster Recovery*.
- d) Complete details and all application forms will be available in the Hurricane Rita Restoration of Critical Infrastructure Application Guide (application guide).
- e) All information related to this program will be available on the ORCA website at www.orca.state.tx.us.
- f) ORCA will hold at least 2 application workshops in the affected area to cover the requirements of this program.

2) Allocation of CDBG Funds

- a) These funds are made available through a supplemental allocation of CDBG funds to the State of Texas and will be administered by the Office of Rural Community Affairs in partnership with the Texas Department of Housing and Community Affairs. All funds released under this NOFA are to be used to meet one of the three federal national objectives (24 CFR 570.482) and be for CDBG eligible activities for damages directly related to Hurricane Rita.
- b) ORCA will, with the approval of the TDHCA Governing Board, award contracts in the form of a grant to cities and counties for critical infrastructure projects within the affected area. The minimum award per contract will not be less than \$50,000 and will not exceed \$5,000,000. Only one application for up to \$5,000,000 will be accepted per city or county.
- c) Applicants must demonstrate that the activities relate to infrastructure projects where there is outstanding damage that is a direct result of Hurricane Rita and that all other similar options of financing have been explored and no other options are available.
- d) Funds may not be used as the matching requirement, share, or contribution for any other Federal program, for reimbursement of activities already completed, or for projects where any other similar source of funds can be obtained.
- e) Projects must be identified, approved, and underway within 12 months of approval of the Action Plan by HUD. Work must be substantially underway and drawing funds within 18 months. Funds that have not been committed within 12 months may be reallocated to the Housing Assistance Program or may be deobligated if substantial progress has not been achieved within 18 months.
- f) **Unless specifically waived all awards from the CDBG Disaster Recovery Program will be subject to all federal and state regulations including but not limited to environmental review, labor standards (Davis Bacon), and procurement.**

3) Eligible and Ineligible Activities

a) Eligible activities include:

1. flood and drainage projects (including flood buyouts in which the property is converted into open, undeveloped land);
2. repair of roads and bridges, utilities, water control facilities, water supply facilities, waste water facilities, buildings and permanently affixed equipment, hospitals and other medical facilities;
3. debris removal.

Eligible activities will include those activities permissible under Section 105(a) of the Act

b) Ineligible activities include:

1. reimbursement of entities for disaster related funding that has been previously expended;
2. portable equipment; and
3. assistance for storm shelters that were not damaged by Hurricane Rita.

The general rule in the State CDBG program is that any activity that is not stated in HCDA 105(a) as eligible should be considered to be ineligible. Further direction can be found in the entitlement regulations at 24 CFR 570.207 and the applicable OMB circulars.

4) Eligible and Ineligible Applicants

a) Eligible applicants include:

All Cities and Counties located within the 29 affected counties are eligible to apply under the CDBG Disaster Recovery Program (Affected counties include: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, Walker, Cherokee, Gregg, Harrison, Houston, Marion, Panola, and Rusk Counties.)

b) Ineligible applicants include:

Bridge City, Hardin County, Memorial Hermann Baptist Orange Hospital, Houston, and Harris County are ineligible to apply for the competitive unreserved funding because of direct reserved funds made available under the CDBG Disaster Recovery Program for these entities.

c) Requests regarding utility reconstruction are limited to municipally owned entities

d) Applicants may be ineligible for funding if they meet any of the criteria detailing ineligibility with any requirements under 10 TAC 49.5(a) excluding subsections (5) thru (8) or 10 TAC 255.1(h)(6).

5) Selection Process

Applicants may receive up to 400 points based on set scoring criteria. Evidence of these criteria must be submitted in accordance with the application guide on the application forms provided. Applicants will be competitively scored against one another based on a project prioritization and scoring model as detailed below:

PROJECT TYPE (200 Points):

Drainage and Debris Projects:

The following scoring ranges are expressed as ratios of households to businesses (HH:B) for the area being served.

- 9:1 and above 200 Points
- 8:1 – 6:1 150 Points
- 5:1 – 3:1 100 Points
- 2:1 and below 50 Points

Project Eligibility Requirements:

Projects addressing drainage and debris issues directly related to Hurricane Rita will be prioritized based on residential benefit. Residential Benefit will be established by the number of homes benefiting compared to the number of businesses benefiting from the project.

Primarily, drainage projects are those that relieve imminent hazards to life and property created by a natural disaster that causes a sudden impairment of a watershed. However, due to the nature of this disaster, drainage projects located outside of a watershed, Special Flood Hazard Area, or Non-Special Flood Hazard Area will also be considered. A watershed is a region or area drained by a river, stream, or other body of water. Special Flood Hazard Areas are land areas at high risk for flooding, while Non-Special Flood Hazard Areas are those located within low-to-moderate risk flood zones. Applications for projects to be conducted within a watershed or flood hazard area must be accompanied by maps and any other pertinent documentation to be provided by a licensed engineer.

Common drainage projects include removing debris from stream channels, reshaping and protecting eroded banks, correcting damaged drainage facilities, construction of water detention ponds, and repairing levees and structures. However, the purchasing of floodplain easements will be categorized under the Property Buyout Projects category for this application. Furthermore, it is important to note that curb and gutter projects being conducted within a watershed or flood hazard area in conjunction with street repair or improvements will be scored on a percentage basis based on the actual dollars spent for curb and gutter activities. The curb and gutter portion of the project will be scored by multiplying its percentage of costs of the overall project by 200. The remaining percentage of the project will be scored by multiplying the non drainage related street activities percentage of costs by the maximum allowable points of 150 for road repair.

High wind events and flooding generally produce large amounts of debris. This debris may consist primarily of vegetation, construction and demolition materials from damaged or destroyed structures, and personal property. Under this category, only debris identified as the responsibility of the local jurisdiction will be eligible. Debris located on private property is ineligible unless the local jurisdiction has determined that the existing material poses an immediate threat to public health and safety. Furthermore, removal of debris from private property must be determined by the local jurisdiction to be beyond the capability of the property owner.

The methods by which applicants may choose to collect and store debris prior to proper disposal depends greatly on the type of debris, as well as the capabilities of the jurisdiction. Prior to

collecting debris all pertinent environmental concerns must be taken into consideration. For example, the removal of debris from natural streams will often require a Clean Water Act Section 404 permit from the United States Army Corp of Engineers (USACE). Additional environmental guidelines may be reviewed by obtaining the 2006 Implementation Manual located on the ORCA website at www.orca.state.tx.us.

While construction and demolition debris may be collected and disposed of at an appropriately rated landfill, woody and/or vegetative debris must be stored prior to disposal. This will require the use of a temporary debris storage and reduction sites (TDSR). The preparation and operation of a TDSR site is typically left to the contractor. However, local jurisdictions choosing to conduct their own debris operations may review Chapter 7 of the FEMA Debris Management Guide regarding the use of TDSR sites. This document may be obtained at <http://www.fema.gov/pdf/government/grant/pa/demagde.pdf>.

Maintaining the life expectancy of landfills in and around the state is of great concern. Therefore applicants proposing to dispose of woody and/or vegetative debris must choose burning, chipping, or grinding as the method of disposal. If the project proposes to dispose of woody and/or vegetative debris by sending it to a landfill the applicant must provide adequate justification for their decision. These applications will be reviewed on a case-by-case basis. Applicants choosing other forms of disposal for woody and/or vegetative debris may contact the Office of Rural Community Affairs prior to submitting their applications for additional direction.

Determining Beneficiaries:

Acceptable methods by which to identify the number of homes and businesses benefiting from this project type include the 2000 Census, an independent count of occupied structures that will benefit from the proposed project (Household / Business Count Data Sheet is required for this method), and city or county tax data.

Once the number of households has been identified, the number of beneficiaries may be calculated. The proper method for calculating the total beneficiary count for each project is to multiply the total number of households benefiting by the average household size for that census geographic area.

Municipally Owned Public Utilities / Public Facilities Projects:

- Public Water and Wastewater Projects 200 Points
- Other Public Facilities 100 Points
- Generators for public water and wastewater facilities only 50 Points

The repair of existing water and wastewater facilities will receive the highest priority under this project type.

Other public facilities are eligible under this project type as well. However, requests related to utility reconstruction are limited to municipally owned entities.

Applications for the purchase of new generators will be limited in scope to public water and wastewater facilities only.

Road and Bridge Projects:

- Repair, replacement, or mitigation of an existing bridge 200 Points

- Replacement and/or repair of culverts or other drainage not located within a watershed or flood hazard area. 150 Points
- Road repairs 150 Points

The repair, replacement, or mitigation of an existing bridge damaged in relation to Hurricane Rita will receive the highest priority under this project type. Per the Action Plan, “none of the funds made available under this heading may be used by a State or locality as a matching requirement, share, or contribution for any other Federal program”. Therefore, the applicant must be the sole entity responsible for the maintenance and up-keep of the structure.

The replacement and/or repair of culverts or other drainage structures not located within a watershed or flood hazard area will be included within this project type. However, culverts and other drainage structures located within a watershed or flood hazard area will be categorized as drainage projects. Please refer to the section regarding drainage projects for further guidance regarding scoring criteria and methodology.

The repair of roads under this project type must be directly related to damages sustained as a result of the event and not a lack of maintenance.

Property Buyout Projects:

The following scoring ranges are expressed as ratios of households to businesses (HH:B).

- Projects located within a flood hazard area
 - 9:1 and above 200 Points
 - 8:1 – 6:1 150 Points
 - 5:1 – 3:1 100 Points
 - 2:1 and below 50 Points

- Projects not located within a flood hazard area
 - 9:1 and above 100 Points
 - 8:1 – 6:1 75 Points
 - 5:1 – 3:1 50 Points
 - 2:1 and below 25 Points

A count of occupied structures that will benefit from the proposed project (Buyout Household/Business Count Data Sheet is required) is the only acceptable method by which to identify the number of homes and businesses benefiting from this project type.

Once the number of households has been identified, the number of beneficiaries may be calculated. The proper method for calculating beneficiaries under this project type is to multiply the average household size for that particular census geographic area as noted in the census by the number of occupied household units to benefit.

Ratios under Project Type will be calculated using the rounding convention of .5 and above is always rounded up for both odd and even integers. Round (x) = Integer (x + 0.5)

AMOUNT OF DAMAGES SUSTAINED (100 Points):

The purpose of this scoring criterion is to give weight to those applicants that sustained large amounts of damages as documented by FEMA.

dollar amount of damages reported for applicant on FEMA document	* 100 = total points
dollar amount of total damages reported for infrastructure (all applicants)	

AMOUNT OF DAMAGES - PER CAPITA BASIS (100 Points):

The purpose of this scoring criterion is to provide a more accurate depiction of the overall impact sustained by an applicant as a result of Hurricane Rita. It is important to note that municipalities must include all damages sustained within their jurisdiction.

dollar amount of damages reported for applicant (FEMA documentation)	= damages per capita
total population (citywide and / or countywide)	

Then:

$$\text{average damages per capita} * 1.25 = \text{Base}$$

Then:

applicant's damages per capita	*100 = Score
Base	

6) Submission and Review Process

a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on (DATE 120 days after HUD approval of Action Plan) at the ORCA Headquarters:

**Office of Rural Community Affairs
Mailing Address: PO BOX 12877, Capitol Station
Austin, TX 78711
1700 N Congress Avenue, Suite 220
Austin, TX 78701.**

Applications will be reviewed for applicant and activity eligibility and scoring as detailed in this NOFA and all applicable federal and state regulations.

b) All applications must be submitted, and provide all documentation, as described in this NOFA and the application guide available on the ORCA and TDHCA web sites.

c) ORCA may decline to consider any application if the proposed activities do not, in ORCA's sole determination, represent a prudent use of the CDBG Disaster Recovery Program funds. ORCA reserves the right to negotiate individual elements of any application.

d) After eligible applications have been evaluated and ranked in accordance with this NOFA and the application guide, ORCA staff shall make its recommendations to the TDHCA Governing Board for award approval.

7) Application Submission

- a) Application materials must be organized and submitted in the manner detailed in the application guide. Each applicant must submit one complete “original” version of the application and one “copy” of all application materials.
- b) The application guide and all application materials including the Action Plan, NOFA, program guidelines, and all applicable CDBG rules, will be available on the ORCA and TDHCA web sites. Applicants will be required to adhere to the CDBG program applicable federal regulations and / or state regulations. Applications must be on forms provided by ORCA in the application guide and cannot be altered or modified.
- c) If an application contains deficiencies which, in the determination of ORCA staff, requires clarification or correction of information submitted at the time of application, ORCA staff may request clarification or correction of such administrative deficiencies including scoring documentation. ORCA staff may request clarification or correction in a deficiency notice in the form of a facsimile or a telephone call to the applicant advising that such a request has been transmitted. All deficiency responses should be received within 5 days of request. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. An applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from ORCA.

For complete information regarding the requirements of this NOFA and the appropriate application forms please see the application guide for the CDBG Disaster Recovery Program.

NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular CDBG Program. For proper completion of the application, ORCA strongly encourages potential applicants to review all applicable State and Federal regulations.*

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, discussion and possible approval of Final Notice of Funding Availability (NOFA) for \$82,866,984 in federal funding from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program.

Required Action

Approval of the Final CDBG Disaster Recovery NOFA for public input.

Background

The Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding, was approved by the board February 1, 2007 and was forwarded to the Department of Housing and Urban Development (HUD), for approval. The total funding allocation is \$428,671,849. Under the General Use of Funds and Funding Allocation is a line item activity for Rental Housing Stock Restoration Program. The available funding for this activity is \$82,867,166. These funds are proposed to be made available in the form of grant or loan to the owners of affordable rental properties that were damaged by Hurricane Rita for repair, rehabilitation and reconstruction (including demolition, site clearance, and remediation). The affected housing must be in one of the 22 counties directly affected by Hurricane Rita and designated in the State CDBG Action Plan. A minimum of 51% of the funds to each property are to be used for affordable rental housing for low/moderate-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

On March 20, 2007, the Board approved a Draft NOFA for \$82,867,166 for this Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program. On March 27th, the Department hosted a round table discussion for the purpose of gathering input on the NOFA. Input received in the round table has been considered and is reflected in the Final NOFA brought before the Board today for final approval. The NOFA complies with the requirements as stated in the Action Plan for the Rental Housing Stock restoration Program.

Upon approval of this NOFA, and approval of the Partial Action Plan, the Department will release the NOFA and host workshops. The competitive deadline will be ninety days from when the NOFA is released. **Dates in the NOFA will be updated prior to the release to reflect actual deadlines.**

Summary of Staff's Recommended Changes

Input received from HUD and from the round tables has been considered in the recommended changes to the Draft NOFA as follows (note: this section does not include minor administrative changes added for general clarification):

§2(c) – Allocation of CDBG Funds

Input:

Input received from HUD encourages the Department to relax some requirements in the NOFA in order to promote the greatest flexibility of funds.

Staff Response:

Consistent with this comment, staff recommends the following language, which will remove the minimum \$12,000 per-unit rehabilitation requirement:

c) ~~Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs.~~ When CDBG funds, as described more fully in the §24 CFR 570, are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, such as local codes. In the event no codes exist the Department will require that all units meet Uniform Physical Condition Standards (UPCS), TMCS and, if reconstruction or rehabilitation, the International Building Code (IBC).

§3 – Eligible and Ineligible Activities

Input:

An attendee at the round table asked if properties can be reimbursed for damages that have already been repaired from their reserve accounts to replenish their reserves.

Staff Response:

This is not a recommended activity under the Partial Action Plan. Staff recommends no revision.

§3 – Eligible and Ineligible Activities

Input:

Comment from the round table suggested that the NOFA should allow tenants to have the opportunity to potentially purchase a unit.

Staff Response:

To the extent permitted by federal regulations, the NOFA does not prohibit this. Staff recommends no revision.

§3 – Eligible and Ineligible Activities

Input:

An attendee at the round table asked if there is a cap per applicant on the maximum award amount.

Staff Response:

No cap is included in the NOFA. Staff recommends no revision.

§3(b) – Eligible and Ineligible Activities

Input:

Input was received from the round table that requested clarification from the Department regarding the eligibility of applications that involve scattered site developments, as long as the total units are 16 units or more.

Input was also received that requested that the NOFA include a timeline for activities as it relates to the CDBG Disaster recovery rental program.

Staff Response:

Staff recommends the following clarification to §3(b), Eligible and Ineligible Activities, which clarifies the eligibility of scattered sites containing 16 units or more, and application deadlines and timing (note: staff has included a general tentative timeline as an attachment to the NOFA. This will be updated prior to the release of the NOFA to reflect actual deadlines):

b) Funds will be available for developments of sixteen (16) or more units for 180 days from the date the NOFA is published in the *Texas Register*. **A Scattered site property is an eligible activity as long as all sites that include the development site have a total of 16 units or more, is for one loan amount, has one ownership structure, and one management operation.** For the first 90 days of this period, applicants will apply on a competitive basis with applications required to be submitted **90 days from the date the NOFA is published in the *Texas Register***, which is estimated to be around July 2, 2007. For the remaining 90 days, and if funds are available, applicants may apply on a first come first serve

basis until the 180-day deadline which is estimated to be [around](#) October 1, 2007. All applicants must meet the Department's threshold criteria and must meet financial feasibility criteria. After October 1, 2007 any funds not requested and awarded may be made available under a subsequent NOFA which would include properties with less than 16 units.

§3(e) – Eligible and Ineligible Activities

Input:

Input from HUD requested clarification from the Department regarding the eligibility of applications that involve a property where no insurance claim relating damage from Hurricane Rita has been filed.

Staff Response:

Consistent with the Action Plan, only properties damaged by the hurricane are eligible, and evidence to substantiate that claim must be in the form of an insurance claim. Therefore, only applicants who have filed an insurance claim are eligible. To clarify this, staff recommends the following subparagraph:

e) The applicant must establish that the property was physically damaged by Hurricane Rita and an insurance claim related to Hurricane Rita must have been filed and subsequently reviewed by the insurance provider.

§3(ef) – Eligible and Ineligible Activities

~~Comment:~~ Input:

An attendee from the round table requested clarification from the Department on the implications of leveraging a CDBG loan or grant for an application that is or will be subsidized with other affordable rental housing programs, such as Housing Tax Credits.

Staff Response:

The Department generally does not provide guidance in this regard. To clarify this, staff recommends the following subparagraph:

f) Applicants are encouraged to familiarize themselves and/or consult appropriate specialists (i.e. attorneys, accountants, etc.) with regard to any local, state or federal regulations which may apply if these funds are awarded to an application that has existing, or will be funded with, any local, state or federal programs.

§4(c) – Eligible and Ineligible Applicants

Administrative Change:

Staff revised this section to remove references to requirements that are solely related to Housing Tax Credits. Staff recommends the following language to §4(c):

c) Applicants may be ineligible for funding if they meet any of the criteria detailing ineligibility with any requirements under 10 TAC §§49.5(a)(1) through (4), and (9), (b)(4) through (7), (9), and (10), and (c)(1) through (6). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

§4(d) – Eligible and Ineligible Applicants

Input:

Input was received regarding the threshold requirement that the applicant must prove ownership on or before the date of impact by Hurricane Rita, September 24th, 2005 by the current owner (with continual ownership). The commenter requests that the Department revise the NOFA to allow a new applicant structure to own the development, as long as the owner of the development site as of September 24, 2005, is a part of the applicant structure as proposed in the application.

Staff Response:

Staff concurs and recommends the following language to §4(d), Eligible and Ineligible Applicants:

d) Applicants must prove ownership of the development site on or before the date of impact by Hurricane Rita, September 24th, 2005. For the purposes of this section, the proposed development may have been owned by any person in the ownership structure for the proposed application, and the ownership must have been continuous.

§5(a) – Affordability Requirements

Input:

Input from the round table questioned the standard to be used for monitoring CDBG developments.

Additional input received from HUD encourages the Department to relax some requirements in the NOFA, such as a shorter affordability period that is consistent with CDBG rules, or not requiring CDBG developments to have the same standards that apply to HOME developments for the full affordability period.

Staff Response:

In response to the input received at the round table, the long-term compliance standards for monitoring multifamily developments are outlined in 10 TAC §60, Subchapter A, Compliance Monitoring. CDBG development requirements are specifically addressed in §60.23 of the proposed Compliance Monitoring Rules, which says, “All compliance requirements for HOME rental developments outlined in Chapter 60 apply to Community Development Block Grant Rental Disaster properties unless specifically waived by federal statute with the exception of §60.18(i)(12) [a section which addresses over-income tenants in the HOME Program, which is a rule that does not apply to CDBG].”

In response to the input received from HUD, staff is recommends reducing the proposed 30-year and 15-year affordability period outlined in the draft NOFA to the five year period required by the CDBG program. It should be noted that for any development that will be, or has been, funded by the Department with any other multifamily program, the affordability period for the other programs will not be reduced.

To clarify the affordability period, and the Departments monitoring standards, staff recommends the following changes to (a) of this subparagraph (note: the recommended language includes an administrative revision to the section, which would allow the 5-year CDBG-required affordability to run concurrently with the Department’s required affordability period):

a) Each development will require a minimum affordability period ~~of 30 years for developments assisted with loans or grants in an amount greater than 33% of the market value of the development on the date the recipient completed construction of the development in accordance with the provisions of §2306.185, Texas Government Code. If the length and term of affordability is not defined by §2306.185 it will be determined to maximize a reasonable benefit to the affordable housing stock but at a minimum term of 15 years. pursuant to §570.489 of the CDBG Rules, that begins from the date the CDBG funds are first spent for the property until 5 years after closeout of the loan or grant. In determining the length of affordability, the Department will consider owner needs, other funding requirements and financial feasibility.~~ Throughout this period, the applicant agrees to maintain the development for the intended purpose as outlined in the Land Use Restriction Agreement (“LURA”). Compliance will be monitored by the Department consistent with 10 TAC §60, Subchapter A, Compliance Monitoring.

§5(d) – Affordability Requirements

Input:

Input questioned the standard to be used for monitoring CDBG developments.

Staff Response:

The proposed Compliance Monitoring Rules do not clarify how rents are calculated for CDBG developments. Additionally, the draft NOFA contained an error which limited the rents charged for low-moderate income persons to 30% of ~~80%~~ of AMFI, which is inconsistent with HUD requirements.

Staff recommends the following clarification and administrative change to (d) of this subparagraph:

d) The maximum monthly gross rent charged (which includes the tenant paid portion of the rent, the utility allowance, and any rental assistance payment) by the development owner for units benefiting low-moderate income persons earning 80 percent or less of the AMFI, as defined by HUD, shall not exceed the limits determined by the Department and published on an annual basis. Such rent shall not be greater than the lesser of the fair market rent, or thirty percent (30%) of the income of a family whose income equals ~~sixty-five~~ ~~eighty~~ percent (80~~65~~%) of AMFI as defined by HUD with adjustments for family size. This is the same as the “High HOME Rent” maximum rent limitation.

§8(i) – Threshold Criteria

Administrative Change:

Staff proposes to revise this section as subparagraph (i), and to remove references to requirements that are solely related to Housing Tax Credits. Staff recommends the following language to §8(i):

- i) All of 2007 Qualified Allocation Plan and Rules at 10 TAC §49.9(h), excluding:
- (3) regarding set-asides;
 - (4)(E), (4)(F), (4)(G), ~~(4)(I)~~, (4)(K), ~~(4)(L)~~, and (4)(M) regarding certifications;
 - (6)(C) and (D) which relate to tax credit syndication;
 - (8) regarding notifications;
 - (11)(B) regarding non-profit set-aside for tax credits;
 - (14)(A) and (B) regarding environmental site assessment and market study;
 - (14) (D) regarding appraisal;
 - As noted (14)(C) for the Property Condition Assessment applies only in cases of rehabilitation, but not demolition/reconstruction.

§9(a)(i) – Selection Process

Administrative Change:

Staff revised this section to be consistent with rent limits and calculations outlined in 5(d), as recommended. Staff recommends the following language to §9(a)(i):

i) Extremely Low-Income Targeting: To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants will receive 20 points for proposed developments that provide at least 5% of units to families or individuals earning 30% or less of the area medium income for the development site. The maximum monthly rent (which includes the tenant paid portion of the rent, the utility allowance, and any rental assistance payment) charged by the development owner for units benefiting low-moderate income persons earning 30 percent or less of the AMFI as defined by HUD shall not exceed the limits determined by the Department and published on an annual basis. Such rent shall not be greater than thirty percent (30%) of the income of a family whose income equals thirty percent (30%) of AMFI as defined by HUD with adjustments for family size.

Maximum for this item 20 points.

§9(a)(ix) – Selection Process

Input:

Input was received requesting that the Department award points for applications proposing leveraging of additional local, state or federal affordable housing programs to encourage funds being stretched to serve more programs.

Staff Response:

While staff believes it is important to provide priority to those developments still most in need, we concur that a similar priority for leveraging of funds is also important to ensure that those with other sources are not at a scoring disadvantage. Staff recommends the following language to §8(d), Selection Process:

ix) Leveraging of Public and Private Financing--Developments will receive points for the involvement of non-CDBG financing in the housing under one of the following subparagraphs.

a) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 1% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **5 points; or**

b) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 3% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **10 points; or**

c) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 5% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **15 points**

Maximum for this item 15 points

§10(a) – Tie Breaker

Administrative Change:

Staff revised this section to give priority to areas which experienced the greatest degradation of their existing affordable housing stock, consistent with §1 of this NOFA. Staff recommends the following language to §10(a):

a) The Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for an award. The Department may also recommend a partial funding recommendation.

i) Greatest increase to the affordable housing stock- developments that put the most unoccupied units into service or upgrade the most substandard units will be funded.

ii) Priority will be given to areas which experienced the greatest degradation of their existing affordable housing stock.

iii) Long-term Feasibility. The second tie breaker criteria will be average debt coverage ratio calculated on the Applicant’s originally submitted pro-forma. The Applicant with the highest average debt coverage ratio over the period of time represented in the pro-forma will win the tie breaker.

Recommendation

Staff recommends approval of the Final Notice of Funding Availability with permission to revise the NOFA as necessary to reflect any changes indicated by HUD as part of their approval of the plan or to revise dates based on the date of HUD approval.

**Texas Department of
Housing and Community Affairs
CDBG Disaster Recovery Program
Notice of Funding Availability (NOFA)**

1) Summary

a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of \$82,866,984,166 in federal funding from the Community Development Block Grant (CDBG) Disaster Recovery Fund to be used for repair, rehabilitation and reconstruction (including demolition, site clearance, and remediation, as described more fully in the §24 CFR 570) of existing affordable rental housing physically damaged by Hurricane Rita. The affected housing must be in one of the 22 counties directly affected by Hurricane Rita and designated in the State CDBG Action Plan. The 22 counties are Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler, Walker. This includes, but is not limited to, public and other HUD-assisted housing damaged by Hurricane Rita. All assisted developments must designate at least 51% of all assisted units to serve low-moderate income individuals and families earning 80% or less of the Area Median Family Income (AMFI) as defined by HUD with priority given to those applications which benefit extremely low income tenants. Priority will also be given to areas which experienced the greatest degradation of their existing affordable housing stock. The availability and use of these funds is subject to the §24 CFR 570 and [Chapter 2306 of the Texas Government Code as applicable, and Chapter 2306, Texas Government Code.](#)

2) Allocation of CDBG Funds

a) These funds are made available through a supplemental allocation of CDBG funds to the State of Texas and will be administered by the Department. At least 51% of the units assisted with the funds released under this NOFA are to be used for affordable rental housing for low-moderate income Texans earning 80 percent or less of the Area Median Family Income (AMFI) as defined by HUD.

b) The Department awards rental funds, as a loan or grant, to eligible recipients for the provision of housing for low/moderate, very low and extremely low-income individuals and families. The maximum award may not exceed 90% of the total development costs. The per-unit subsidy may not exceed the per-unit dollar limits established by United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD.

c) ~~Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs.~~ When CDBG funds, as described more fully in the §24 CFR 570, are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, such as local codes. In the event no codes

exist the Department will require that all units meet Uniform Physical Condition Standards (UPCS), TMCS and, if reconstruction or rehabilitation, the International Building Code (IBC).

d) Funds will be awarded in accordance with the rules and procedures as set forth by the Department. The Department may, at its discretion and based upon review of the financial feasibility of the development, determine to award CDBG funds as either a loan or as a grant. Loans cannot exceed amortization of more than 40 years.

3) Eligible and Ineligible Activities

a) Eligible activities will include those permissible under the Housing and Community Development Act (HCDA) Section 105(4) a and the federal CDBG Rules at §24 CFR570, which involve the rehabilitation and reconstruction (including demolition, site clearance, and remediation) of existing affordable rental housing physically damaged by Hurricane Rita of affordable rental developments.

b) Funds will be available for developments of sixteen (16) or more units for 180 days from the date the NOFA is published in the *Texas Register*. A Scattered site property is an eligible activity as long as all sites that include the development site have a total of 16 units or more, is for one loan amount, has one ownership structure, and one management operation. For the first 90 days of this period, applicants will apply on a competitive basis with applications required to be submitted 90 days from the date the NOFA is published in the *Texas Register* by, which is estimated to be around July 2, 2007. For the remaining 90 days, and if funds are available, applicants may apply on a first come first serve basis until the 180-day deadline which is estimated to be around October 1, 2007. All applicants must meet the Department's threshold criteria and must meet financial feasibility criteria. After October 1, 2007 any funds not requested and awarded may be made available under a subsequent NOFA which would include properties with less than 16 units.

c) Prohibited activities include those under federal CDBG rules at §24 CFR 570, OMB Circular A-87 and other applicable state and federal requirements.

d) Existing affordable housing is defined as the development offering units that were either subsidized or while unrestricted, 51% of the units served tenants qualified as a low-moderate income person earning 80 percent or less of the AMFI as defined by HUD prior to September 24, 2005.

e) The applicant must establish that the property was physically damaged by Hurricane Rita and an insurance claim related to Hurricane Rita must have been filed and subsequently reviewed by the insurance provider.

f) Applicants are encouraged to familiarize themselves and/or consult appropriate specialists (i.e. attorneys, accountants, etc.) with regard to any local, state or federal regulations which may apply if these funds are awarded to an application that has existing, or will be funded with, any local, state or federal programs.

4) Eligible and Ineligible Applicants

- a) The Department provides CDBG funding from the federal government to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of local government.
- b) Applicant properties must be located within the 22 county area directly affected by Hurricane Rita.
- c) Applicants may be ineligible for funding if they meet any of the criteria detailing ineligibility with any requirements under 10 TAC §§49.5(a)(1) through (4), and (9), (b)(4) through (7), (9), and (10), and (c)(1) through (6). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.
- d) Applicants must prove ownership of the development site on or before the date of impact by Hurricane Rita, September 24th, 2005. For the purposes of this section, the proposed development may have been owned by any person in the ownership structure for the proposed application, and the ownership must have been continuous.

5) Affordability Requirements

- a) Each development will require a minimum affordability period ~~of 30 years for developments assisted with loans or grants in an amount greater than 33% of the market value of the development on the date the recipient completed construction of the development in accordance with the provisions of §2306.185, Texas Government Code. If the length and term of affordability is not defined by §2306.185 it will be determined to maximize a reasonable benefit to the affordable housing stock but at a minimum term of 15 years.~~ pursuant to §570.489 of the CDBG Rules, that begins from the date the CDBG funds are first spent for the property until 5 years after closeout of the loan or grant. ~~In determining the length of affordability, the Department will consider owner needs, other funding requirements and financial feasibility.~~ Throughout this period, the applicant agrees to maintain the development for the intended purpose as outlined in the Land Use Restriction Agreement ("LURA"). Compliance will be monitored by the Department consistent with 10 TAC §60, Subchapter A, Compliance Monitoring.
- b) At a minimum, 51% of the assisted units must benefit low-moderate income persons earning 80 percent or less of the AMFI as defined by HUD and detailed in the Housing and Community Development Act of 1974 (HCDA) Title I, 105(a).
- c) Properties will be restricted under a ~~Land Use Restriction Agreement~~ ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other

restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

d) The maximum monthly **gross** rent charged (**which includes the tenant paid portion of the rent, the utility allowance, and any rental assistance payment**) by the development owner for units benefiting low-moderate income persons earning 80 percent or less of the AMFI, as defined by HUD, shall not exceed the limits determined by the Department and published on an annual basis. Such rent shall not be greater than **the lesser of the fair market rent, or** thirty percent (30%) of the income of a family whose income equals ~~sixty-five~~**eighty** percent (~~80~~**65**%) of AMFI as defined by HUD with adjustments for family size. **This is the same as the “High HOME Rent” maximum rent limitation.**

6) Site and Development Restrictions:

a) Pursuant to §24 CFR 570, housing that is constructed or rehabilitated with CDBG funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, reconstruction or rehabilitation must meet the International Building Code (IBC).

Reconstructed housing must meet the current edition of the Model Energy Code. Energy conservation and efficiency upgrades will be encouraged through scoring.

b) All CDBG-assisted housing must meet all applicable state and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. When CDBG funds are used for a rehabilitation of a development the entire unit must be brought up to the applicable property condition standards.

c) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201 and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

d) All developments are subject to Department restrictions on sites located in a flood plain in accordance with 10 TAC §1.35. Units that are being demolished and rebuilt shall be elevated in accordance with FEMA advisory flood elevations.

8) Threshold Criteria

The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

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a) At a minimum, 51% of the assisted units must be made affordable to low-moderate income persons. ~~Mixed income rental developments may only receive funds for units that meet the CDBG program affordability standards.~~

b) Developments must have existed in the affordable housing stock of the 22-county area prior to September 24th, 2005 and continue to be affordable after construction. Applicants must certify that at least 51% of the units had rental subsidies or served tenants qualified as a low-moderate income person earning 80 percent or less of the Area Median Family Income (AMFI) as defined by HUD prior to September 24th, 2005.

c) The development will be evaluated for financial feasibility using the Department's "Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, And Reserve For Replacement Rules And Guidelines", located at 10 TAC §1.35. However, a Market Analysis will not be required. A Property Condition Assessment is only required for properties doing rehabilitation but is not required for demolition/reconstruction.

~~d) Developments cannot exceed the Departments requirements for "integrated housing" regarding serving persons with disabilities 10 TAC §1.15.~~

de) Developments to be assisted with CDBG Disaster Recovery Funds must prove ownership on or before the date of impact by Hurricane Rita, September 24th, 2005 by the current owner (with continual ownership), and must prove that the subject development incurred damage in that same storm. The applicant must establish that this property was physically damaged by Hurricane Rita through the provision of evidence that an insurance claim related to Hurricane Rita was filed and subsequently reviewed by the insurance provider. In addition, at least the same number of affordable units must be made available after construction as those units available before September 24th, 2005 unless funded by HOPE VI with approved deconcentration plan from HUD. Owners must prove that they are not duplicating previous (or pending) assistance, either public or private. However, leveraging of additional funds with CDBG funds is encouraged.

ef) Recipients must establish an escrow account, consistant with §570.511 of the CDBG Rule ~~reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title.~~

~~fg)~~ All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards (TMCS), as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code (IBC).

hg) All contractors, consulting firms, and Administrators must sign an affidavit to attest that each request for payment of CDBG funds is for the actual cost of

providing a service and that the service does not violate any conflict of interest provisions.

- h) All of 2007 Qualified Allocation Plan and Rules at 10 TAC §49.9(h), excluding:
- (3) regarding set-asides;
 - (4)(E), (4)(F), (4)(G), ~~(4)(I)~~, (4)(K), ~~(4)(L)~~, and (4)(M) regarding certifications;
 - (6)(C) and (D) which relate to tax credit syndication;
 - (8) regarding notifications;
 - (11)(B) regarding non-profit set-aside for tax credits;
 - (14)(A) and (B) regarding environmental site assessment and market study;
 - (14) (D) regarding appraisal;
 - As noted (14)(C) for the Property Condition Assessment applies only in cases of rehabilitation, but not demolition/reconstruction.

9) Selection Process

a) **Scoring Criteria.** Applicants may receive up to 115 points based on the scoring criteria listed below, and must obtain a minimum score of 60 points to be considered for award. Evidence of these items must be submitted in accordance with the 2007 Final Application Submission Procedures Manual (ASPM), effective as of the date of issuance of this NOFA. The scoring criteria to are:

i) **Extremely Low-Income Targeting:** To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants will receive 20 points for proposed developments that provide at least 5% of units to families or individuals earning 30% or less of the area medium income for the development site. **The maximum monthly rent (which includes the tenant paid portion of the rent, the utility allowance, and any rental assistance payment) charged by the development owner for units benefiting low-moderate income persons earning 30 percent or less of the AMFI as defined by HUD shall not exceed the limits determined by the Department and published on an annual basis. Such rent shall not be greater than thirty percent (30%) of the income of a family whose income equals thirty percent (30%) of AMFI as defined by HUD with adjustments for family size.** **Maximum for this item 20 points.**

ii) **Exceeding the LMI requirement:** All assisted developments must designate at least 51% of all assisted units to serve low-moderate income families earning 80% or less of AMFI as defined by HUD for the applicable affordability period. Developments that exceed this minimum figure for the affordability period will receive the following points:

- a.) For developments that designate at least 61% but less than 71% of the units to serve low-moderate income families: **5 points**

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- b.) For developments that designate at least 71% but less than 81% of the units to serve low-moderate income families: **10 points**
- c.) For developments that designate at least 81% but less than 91% of the units to serve low-moderate income families: **15 points**
- d.) For developments that designate at least 91% of the units to serve low-moderate income families: **20 points**

Maximum for this item 20 points

iii) Cost-Effectiveness of a Proposed Development: For units designated for elderly individuals if cost per square foot do not exceed \$87.00 the applicant will receive **10 points**. For units designated for families if the costs per square foot does not exceed \$77.00 per square foot the applicant will receive **10 points**.

Maximum for this item 10 points

iv) Increasing the affordable housing stock- In order to target units that will have the most impact on increasing the affordable housing stock points will be awarded based on the habitability of the development.

- a.) Developments that will make at least three (3) uninhabitable affordable unit habitable will receive: **5 points**
- b.) Developments that will make at least six (6) uninhabitable affordable units habitable will receive: **10 points**

In addition to the units scored above:

- d.) Developments that will make at least five (5) substandard affordable units meet habitability standards will receive: **5 points**
- e.) Developments that will make at least sixteen (16) substandard affordable units meet habitability standards will receive: **10 points**

Maximum for this item 20 points

v) Serving persons with disabilities- Developments that increase the number of accessible units beyond the minimum required by Section 504, the Fair Housing Accessibility Guidelines or other mandated minimums. To earn points units must meet the full mobility requirements of Section 504 to receive points.

Developments that increase the required accessible units by an additional 5% (rounded to the next whole unit) will receive: **5 points**

Developments that increase the required accessible units by an additional 10% (rounded to the next whole unit) will receive: **10 points**

Maximum for this item 10 points

vi) Units that meet or exceed low maintenance and energy efficiency, any combination of the following items may be used; however, a maximum of 10 points will be awarded–

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a) Install water-conserving fixtures with the following specifications for toilets and shower heads and follow requirements for other fixtures wherever and whenever they are replaced: toilets – 1.6 gallons per flush; showerheads – 2.0 gallons per minute; kitchen faucets – 2.0 GPM; bathroom faucets – 2.0 GPM. (in all units) -

2 points

b) Install Energy Star labeled refrigerators in all units.

2 points

c) Install Energy Star-labeled lighting fixtures in all interior units and use Energy Star or high-efficiency commercial grade fixtures in all common areas. -

2 points

d) Use tankless hot water heaters or install conventional hot water heaters in rooms with drains or catch pans piped to the exterior of the dwelling and with non-water sensitive floor coverings (for all units).

2 points

e) Install Energy Star-labeled power vented fans or range hoods that exhaust to the exterior (in all units).

2 points

f) Install Energy Star-labeled bathroom fans in all units that exhaust to the outdoors which has a humidistat sensor or timer, or operates continuously in all units.

2 points

g) Install correctly sized HVAC units (according to Manual J) of at least 14 SEER or better in all units.

3 points

h) Perform an energy analysis of existing building condition, estimate costs of improvements, make those with a 10 year or shorter payback.

4 points

Maximum for this item 10 points

vii) Units that help people avoid or transition from homelessness. Developments that dedicate at least 51% of their units towards serving person who have previously been homeless or at risk of being homeless will receive **10 points**.

Maximum for this item 10 points

viii) Greatest Financial Need- Developments will receive points for the percentage of remaining need represented in their sources and uses documentation. This will be calculated as a percentage of total benefits received from private insurers and public benefits compared to the CDBG funds required for necessary repairs and reconstruction. Applicants will be required to document how these benefits were expended on the subject property or make the funds available for the CDBG funded project. This calculation will be CDBG funds requested divided by total funds needed including funds previously used.

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a) Applicants that require at least 10% but less than 25% of their total budget from CDBG funds will receive **5 points**

b) Applicants that require at least 25% but less than 50% of their total budget from CDBG funds will receive **10 points**

c) Applicants that require at least 75% of their total budget from CDBG funds will receive **15 points**

Maximum for this item 15 points

ix) Leveraging of Public and Private Financing--Developments will receive points for the involvement of non-CDBG financing in the housing under one of the following subparagraphs.

a) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 1% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **5 points; or**

b) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 3% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **10 points; or**

c) Applicants that receives a total contribution of funding from other local, state, federal, or private contributions equal to or greater than 5% of the Total Housing Development Cost of the Development (as reflected in the Cost Schedule) **15 points**

Maximum for this item 15 points

10) Tie Breakers

a) The Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for an award. The Department may also recommend a partial funding recommendation.

i) Greatest increase to the affordable housing stock- developments that put the most unoccupied units into service or upgrade the most substandard units will be funded.

ii) Priority will be given to areas which experienced the greatest degradation of their existing affordable housing stock.

iii) Long-term Feasibility. The second tie breaker criteria will be average debt coverage ratio calculated on the Applicant's originally submitted pro-forma. The Applicant with the highest average debt coverage ratio over the period of time represented in the pro-forma will win the tie breaker.

11) Submission and Review Process

- a) All Applications submitted under this NOFA must be received on or before 5:00 p.m. on July 2, 2007. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. The Department will publish a list of all Applications received, on or before July 15, 2007. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, Scoring and Financial Feasibility, in accordance with this NOFA.
- b) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- c) If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of Application, the Department staff may request clarification or correction of such Administrative Deficiencies including threshold and/or scoring documentation.
- d) A site visit will be conducted as part of the CDBG Program development feasibility review. [The assessment will be used to confirm the representations made in the application.](#) Applicants must receive recommendation for approval from the Department to be considered for CDBG funding by the Board.
- e) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.
- f) A minimum award amount may be established to ensure feasibility. Subsequently, recommendations for funding will be made available on the Department's website at least seven calendar days prior to the Board meeting at which the awards may be awarded.
- g) The Department will evaluate the net operating income of the Development and the existing debt service capacity to determine if the award will be made in the form of a loan or grant or a combination thereof. The Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35, a loan or partial loan will be recommended.
- h) The Department will provide a written agreement after an award is made which will detail grant or loan terms and include benchmarks for closing, project development and expenditure of funds awarded. At a minimum, the funds will expire 36 months from the effective date of the agreement.

i) In accordance with §2306.082 Texas Government Code, the Department has established an ADR Policy at 10 Texas Administrative Code §1.17. In addition, the Department rules to appeal Department decisions at 10 TAC §1.7 and §1.8.

12) Application Submission

a) Application materials must be organized and submitted in the manner detailed in the 2007 application materials for rental developments. Applicants must submit one complete printed copy of all application materials. All scanned copies must be scanned in accordance with the guidance provided in the 2007 application materials.

b) All Application materials including manuals, NOFA, program guidelines, and all applicable CDBG rules, will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the CDBG Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

c) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$250 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the CDBG Program.

d) Applications must be sent via overnight delivery to:

**Texas Department of Housing and Community Affairs
HOME Division
221 East 11th Street
Austin, TX 78701**

or via the U.S. Postal Service to:

**Texas Department of Housing and Community Affairs
HOME Division
Post Office Box 13941
Austin, TX 78711-3941**

Please contact ~~Skip Beard~~ Kelly Crawford at (512)475-32620908 or skip.beard@tdhca.state.tx.us kelly.crawford@tdhca.state.tx.us for any questions regarding this NOFA.

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NOTE: *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular CDBG Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Draft Disaster Recovery Division Tentative Timeline for Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program

(ALL DATES SUBJECT TO CHANGE)

April 2007

Thursday, April 12

Board approval, rejection or revision of the Notice of Funding Availability (NOFA) for \$82,866,984 in federal funding from the Community Development Block Grant (CDBG) Disaster Recovery Fund for the Rental Housing Stock Restoration Program

Board approval, rejection or revision of the proposed order proposing amendments to Compliance Monitoring Rules, §§60.1 and 60.23, concerning Community Development Block Grant Disaster Recovery Properties

Wednesday, April 18*

Department releases Final CDBG Disaster Recovery Rental NOFA, as amended by the TDHCA Board, and CDBG Rental Application Materials on the Department's website, conditioned on HUD approval

Monday-Friday April 23-27*

CDBG Rental Application Workshops

June 2007

Monday, June 25*

Application Acceptance Period Begins

July 2007

Monday, July 2*

Deadline for CDBG Disaster Applications of 16 Units or More

Tuesday, July 3*

Application Acceptance Period Begins for CDBG Disaster Applications on a first come, first serve basis, including developments with less than 16 units

Monday, July 16*

Department releases a log of all CDBG Rental Application submissions

Department notifies elected officials and other entities, as required by §2306.1114

July through August 2007*

The Department staff performs reviews of all applications

September 2007

Thursday, September 13*

Board approval of CDBG Rental Applications of 16 Units or more

*** Dates are subject to HUD approval and submission in the Texas Register. All dates will be updated prior to the release to reflect actual deadlines.**

4/5/2007 Version

**COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST**

April 12, 2007

Action Item

Presentation, Discussion and Possible Approval of the Department Of Energy and the Low Income Home Energy Assistance Program Weatherization Annual Funding Allocation.

Required Action

Staff recommends Board approval of the distribution of the weatherization funds for Program Year (PY) 2007 by the formula detailed in 10 TAC §6.201-§6.214 and approved by the U.S. Department of Health and Human Services.

Background

The Texas Department of Housing and Community Affairs (the Department) administers two Weatherization Assistance Program (WAP) grants. The United States Department of Health and Human Services (HHS) provides funding via the Low Income Home Energy Assistance Program (LIHEAP) and the United States Department of Energy (DOE) provides funding through the WAP awards. Fifteen percent (15%) of the Department's LIHEAP award is allocated to provide weatherization services. The DOE award provides funding for weatherization services only. On March 20, 2007, the Department of Energy notified the Department that the funding for PY2007 would be reduced approximately 25% to \$4,981,976. The Department elected to holdover \$1,309,757 of the PY2006 LIHEAP supplemental award to prepare for the uncertainty in the amount of weatherization funding from DOE and HHS.

Energy Assistance staff is requesting approval to obligate the 2007 DOE award (\$4,349,384), the weatherization portion of the 2007 LIHEAP award (\$6,882,695), the weatherization portion of the LIHEAP holdover from PY 2006 (\$1,309,757) and the 2005 unutilized balance from PY 2005 (\$121,365) to the weatherization subrecipient network. The unutilized balance from PY 2005 represents funds recaptured from the subrecipient's that were unable to expend their entire allocation during the program year. The PY 2006 holdover was due to the increased funding from the Snowe amendment, passed by the US Congress to address the increase in energy costs, which resulted in an additional one (1) billion dollars of which Texas received \$38,276,836.

Summary of Weatherization Programs

The weatherization subrecipient network is comprised of 34 agencies that provide weatherization services to all 254 counties in Texas. Subrecipients provide cost effective weatherization measures to improve the energy efficiency of eligible client households. Typical weatherization measures include attic and wall insulation, weather-stripping and

air sealing measures, heating and cooling unit repair and/or replacement, refrigerator replacement, and minor roof repair. Potential WAP client households apply for assistance with the WAP subrecipient. The subrecipient determines if the household is income-eligible and whether they meet the criteria for one or more of the priority populations. Typically, if the applicant is determined eligible, the applicant is placed on a waiting list.

Once the eligible applicant list is developed the subrecipient conducts an energy assessment on the applicant's home and results are entered into a computerized energy audit to determine if weatherization measures are appropriate. If the applicant is income eligible and the applicant's home is appropriate for weatherization, the subrecipient weatherizes the client's home. The weatherization work typically is performed by an independent contractor procured through competition and with whom the subrecipient has contracted. There are currently 34 subrecipient agencies that administer the WAP program.

Recommendation

Staff recommends board approval of the weatherization funding.

LEGAL SERVICES

BOARD ACTION REQUEST

APRIL 12, 2007

Action Items

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting new §1.20 concerning Asset Resolution and Enforcement.

Required Action

Approve for publication in the *Texas Register* the new rule concerning Asset Resolution and Enforcement, to be codified at 10 TAC §1.20.

Background

The draft rule was approved by the Board for publication in the March 2, 2007 edition of the *Texas Register*. One comment was received, as described below.

SUMMARY OF PUBLIC COMMENTS AND REASONED RESPONSE

The Department received one set of written comments from the Hon. Lana Wolff, Council Member, District 5, City of Arlington, Texas.

Comment:

Council Member Wolff expressed general support for proposed new §1.20, concerning asset resolution and enforcement for Housing Tax Credit properties. Specifically, the commenter noted how important it is to have actions available for dealing with certain multifamily properties after the 15-year HTC compliance period. The commenter expressed optimism that any new enforcement actions taken at the state level will not displace or delay concurrent enforcement coming from the local level. The commenter requested that in implementing its new rule that the department be responsive to the local need for timely action. Finally, the commenter requests that a provision be added that would disallow the sale of properties undergoing enforcement action under the rule. As noted by the commenter, this would help assure that the property is not sold to a sympathetic party by its owner simply to avoid final local action.

Staff Response:

Staff agrees it is important to have actions available for dealing with certain multifamily properties after the 15-year HTC compliance period. Staff, however, disagrees that it is necessary to prohibit, in this rule, the sale of the property during a pending enforcement action. Department rules prohibit the transfer of a property without proper notice to the Department under 10 TAC §60.16. Therefore the potential buyer would be notified of any property deficiencies and would take the property subject to the required improvements. Staff does not believe that local enforcement actions to bring property into local compliance would be impacted. The Department will examine ways to provide local authorities notice of compliance issues.

Recommendation

Staff recommends adoption for publication in the *Texas Register*, the new §1.20 concerning Asset Resolution and Enforcement.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
10 TAC §1.20 Asset Resolution and Enforcement

The Texas Department of Housing and Community Affairs hereby adopts new §1.20 concerning Asset Resolution and Enforcement. The new rule is adopted with changes to the proposed text as published in the March 2, 2007 issue of the *Texas Register* (32 Tex. Reg. 1012).

New §1.20 defines a process for the disposition of department assets for which early delinquency intervention and work out approaches have not been successful. New §1.20 also sets forth compliance penalties to offset the costs associated with additional staff time and recordkeeping caused by non-compliance with department contracts and land use restriction agreements. The new rule also sets forth procedures for processing debarment recommendations. Though the department has a fee schedule to offset the costs associated with regular, routine inspection and monitoring, properties with delinquent loans or that require additional monitoring because of non-compliance issues place additional stress on the department's resources. Accordingly, the department is instituting additional charges or penalties to cover the additional expenses related to resolving loan and compliance problems.

The new section is proposed pursuant to the authority of the Texas Government Code, Chapter 2306.

The new section affects no other code, article or statute.

SUMMARY OF COMMENTS, RESPONSE, AND BOARD ACTION

The Department received one set of written comments from the Hon. Lana Wolff, Council Member, District 5, City of Arlington, Texas.

Comment:

Council Member Wolff expressed general support for proposed new §1.20, concerning asset resolution and enforcement for Housing Tax Credit properties. Specifically, the commenter noted how important it is to have actions available for dealing with certain multifamily properties after the 15-year HTC compliance period. The commenter expressed optimism that any new enforcement actions taken at the state level will not displace or delay concurrent enforcement coming from the local level. The commenter requested that in implementing its new rule that the department be responsive to the local need for timely action. Finally, the commenter requests that a provision be added that would disallow the sale of properties undergoing enforcement action under the rule. As noted by the commenter, this would help assure that the property is not sold to a sympathetic party by its owner simply to avoid final local action.

Staff Response:

Staff agrees it is important to have actions available for dealing with certain multifamily properties after the 15-year HTC compliance period. Staff, however, disagrees that it is necessary to prohibit, in this rule, the sale of the property during a pending enforcement action. Department rules prohibit the transfer of a property without proper notice to the Department under 10 TAC §60.16. Therefore the potential buyer would be notified of any property deficiencies and would take the property subject to the required improvements. Staff does not believe that local

enforcement actions to bring property into local compliance would be impacted. The Department will examine ways to provide local authorities notice of compliance issues.

§1.20. Asset Resolution and Enforcement.

(a) Purpose. The purposes of this section are:

(1) To provide guidance to interested parties on potential actions available to the Department when a party that has obligated itself to carry out a contract or construct or operate an asset is not performing or operating according to the agreed upon terms and

(2) To establish appropriate procedures to implement the general policy of requiring compliance with all contractual undertakings made in connection with the receipt of funds or other support provided by the Department pursuant to the various state and federal programs that it administers.

(b) Definitions.

(1) Administrator--The Person responsible for performing under a Contract with the Department.

(2) Affiliated Party--A Person in a relationship with the Administrator on a Contract with the Department. Does not apply to an Affiliated Party for Application purposes.

(3) Asset--A property covered by a LURA, Contract, grant agreement, or Commitment or any other property acquired, improved, or subsidized, directly or indirectly, in whole or in part with funds provided by any program(s) administered by the Department.

(4) Audit--An audit required to be performed by a third party or performed by the Department relating to a Contract.

(5) Board--The Governing Board of the Department.

(6) Commitment--A legally binding agreement between the Department and another party providing for funds, tax credits, or other financial support.

(7) Compliance Monitoring Fees--The fees identified in a LURA or other Contract payable by Project Owner related to an Asset.

(8) Compliance Rules--The rules found in 10 Texas Administrative Code Chapter 60.

(9) Contract--Any executed written agreement between the Department and an Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program.

(10) Deed-in-lieu of Foreclosure--A deed to a lender given by an owner/borrower conveying mortgaged property to prevent a lender from bringing Foreclosure proceedings or to eliminate the need for Foreclosure.

(11) Deed of Trust--An instrument used to create a lien or mortgage by which the Mortgagor transfers his or her title to a trustee who holds it as security for the benefit of a lender.

(12) Default--As defined in a LURA or Contract.

(13) Delinquent Loan--Any mortgage loan in which the scheduled payment has not been received by the due date.

(14) Department--The Texas Department of Housing and Community Affairs.

(15) Development--Any Project that has a construction component, either in the form of new construction or the rehabilitation of residential housing.

(16) Eligible Household--A household that meets the requirements associated with a Department Contract or LURA and applicable law, as in effect from time to time.

(17) Event of Default--As defined in a LURA or Contract.

(18) Executive Director--As defined under Texas Government Code §2306.036 and/or §2306.038.

(19) Finding--A report or other communication from the Department indicating a need for corrective action by an Administrator, Project Owner, Recipient, Subrecipient or other beneficiary of a Department program.

(20) Forbearance--The act of agreeing, either conditionally or unconditionally, in reliance upon express representations, to refrain from enforcing one or more legal obligations, such as making scheduled payments on a debt or complying with one or more non-monetary provisions of a Contract. A relief provision that provides for a period of reduced or suspended payments to enable the Mortgagor to cure a delinquency is an example of a forbearance.

(21) Foreclosure--A legal proceeding, in or out of court, to gain title or to force a sale of a mortgaged property in order to satisfy unpaid amounts due under the debt secured by such mortgaged property on the property.

(22) Loan Modification--A written agreement to a change in one or more terms of the Contract or contractual documents relating to an existing loan between the Department and Mortgagor.

(23) LURA--A Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with required recording authorities.

(24) Mortgagor--The party (a "borrower") who borrows the money and uses his or her real property as collateral and security for the payment of the debt.

(25) Person--Any individual, partnership, corporation, association, trust, unit of government, community action agency, or public or private organization of any character, however organized.

(26) Real Estate Owned--Property acquired by the Department as the lender, usually through foreclosure or acceptance of a deed-in-lieu.

(27) Receivership--Legal action as defined in Contract or LURA.

(28) Responsible Party--The Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program subject to this rule for purposes of asset resolution or enforcement.

(29) Review Committee--The committee, chaired by the Executive Director and comprised of the Deputy Executive Director for Programs, the Deputy Executive Director for Administration, the Director of PMC, the Director of Real Estate Analysis and two additional rotating members appointed by the Chair. The Review Committee will determine asset resolutions or enforcement recommendations.

(30) Workout Program--A written agreement as an alternative to foreclosure that the Department may offer to the Mortgagor of a defaulted mortgage.

(c) Potential Actions Related to Home Ownership.

(1) Early Delinquency Intervention. According to the terms of a Contract between the Department and a Mortgagor the Department will provide a loan billing statement to the Mortgagor or Home Owner as payments are due. A Contract will be identified as delinquent unless the mortgage payment is made on the 16th day after the due date. A late fee will be assessed on all identified delinquent loans. A computer generated "Friendly Reminder" notice of default is mailed to the Mortgagor on any loan for which payment has not been received by the 16th day of the month payment was due. A "Late Payment" notice of default is mailed to the Mortgagor on any loan that is past due more than forty-five (45) days. An "Urgent" notice of default is mailed to the Mortgagor on all loans that are more than sixty (60) days past due. The status of all mortgage loans serviced in-house by the Loan Servicing section will be reported monthly to the Credit Bureau through the Department's credit reporting processes, including delinquencies.

(2) Workout Program. The Department supports delinquent Mortgagors' efforts to meet their mortgage obligations so they can avoid Foreclosure and remain in their homes when feasible. That means, among other things, using available tools that are appropriate under the circumstances to avoid Foreclosure; being judicious in approaching loss mitigation efforts and promoting open and effective communication with Mortgagors, including giving reasonable opportunity to resolve legitimate disputes. The Department after consultation with the Review Committee may, but is not required to, perform one or more of the following alternatives to cure the delinquency:

(A) Phone Contact. Delinquent Mortgagors identified as more than forty-five (45) days past due may be contacted by phone to determine why the Mortgagor has not made the required payment(s). The Mortgagor is encouraged to contact the Department prior to this call to notify the Department of circumstances for the delinquencies.

(B) Face-to-Face Interviews. Face-to-face interviews may be conducted when phone contact is not possible with the Mortgagor, and/or the Mortgagor is unresponsive to various attempts by the Department to establish communication and discuss the delinquency. Face-to-face interviews are done to determine the condition of the Department's collateral and discuss workout options available to the Mortgagor. If the Mortgagor is unavailable at the time a face-to-face interview is attempted, the Department will leave a "Collection Flyer" notice of default, marked "confidential," addressed to the Mortgagor at the property location.

(C) Written Repayment Agreement. Once a Mortgagor's ability to pay has been assessed, if the period necessary to cure the delinquency will exceed forty-five (45) days from the time contact is made, the Department will require the Mortgagor to enter into a formal written repayment agreement specifying the terms of repayment for the delinquent amount. Only in exceptional cases will a repayment period exceed twelve (12) months. If the Mortgagor abides by the terms of

the written repayment agreement, the Department may suspend accrual of late fees for the duration of the agreement.

(D) Forbearance. The Review Committee may recommend a Forbearance agreement if the Mortgagor is temporarily unable to make any amount of payment due because of documented evidence of illness, death of a co-mortgagor, or loss of employment. Forbearance agreements will not exceed three (3) months. Any suspended payments will be made up as an additional single payment upon maturity. All accrued unpaid principal and interest amounts will be added to the end of the loan as a balloon payment. This will not result in a change of terms, and no recording fees or T-38 Endorsement will be necessary.

(E) Loan Modification. The Review Committee may recommend a loan modification to alter the terms of the note including, but are not limited to, the interest rate, principal balance, payment amount, and the maturity date. This is a formal change in the original terms of the note. Any principal, escrow shortages, and fees such as recording fees, title policy fees, and pre-foreclosure fees will be included in the new terms.

(F) Pre-foreclosure Sale. If the Mortgagor is unable to cure its delinquency, and the Mortgagor's desire is to avoid Foreclosure by the Department, the Department may consent to the sale of the property by the Mortgagor to a third (3rd) party buyer within a reasonable time as determined by the Department. If the proceeds from the Pre-foreclosure Sale are insufficient to extinguish the Mortgage Lien, the remaining outstanding balance under the Note secured by the Mortgage Lien will be converted to an Unsecured Note executed by the original Mortgagor payable to the Department unless other provisions are stated in the Note and/or Deed of Trust.

(G) Deed-in-lieu of Foreclosure. On a seriously delinquent mortgage where other options have been unsuccessful and/or the Mortgagor intends to abandon the property, the Department may consent to a Deed-in-lieu of Foreclosure. As a condition of the Department accepting a Deed-in-lieu of Foreclosure, the property must be free and clear of all encumbrances and liens other than liens of the Department.

(3) Final Resolution. In the event that a workout as described in paragraph (2) of this subsection is unsuccessful, the Department upon recommendation of the Review Committee may take one of more of the following actions:

(A) Creditor Claim in Bankruptcy. When a Mortgagor files for bankruptcy, the Department will take all actions that are necessary to protect its interests. All collection efforts outside the bankruptcy courts by the Department will cease during the bankruptcy period. The Department will file a proof of claim when appropriate. In a bankruptcy case that has been dismissed, all normal collection efforts will resume. In a bankruptcy case that has been Discharged in Bankruptcy, the Mortgagor will either reaffirm the debt in accordance with the bankruptcy or the Department may proceed to foreclose on the mortgage lien.

(B) Foreclosure. After all workout options have been exhausted, the Review Committee will review the loan for possible recommendation to foreclose on the property used as collateral to secure the Mortgage Lien. If the Department is in an inferior lien position, and the value of the property warrants it, the Department may elect to purchase a superior lien loan in order to proceed with Foreclosure and protect its interest.

(C) Debt Forgiveness. In exceptional circumstances, the Review Committee may recommend the forgiveness based on hardship conditions. The Committee shall consider the following

conditions as hardships: documented long term disability resulting in a permanent inability to pay, and a permanent inability to pay where it would not be in the best interest of the Department to foreclose based on economic conditions of the property and/or continued expenses which are incurred due to escrow responsibilities. The ability to forgive will also be contingent upon the method of funding. All hardship cases will be considered on a case by case basis. In cases where program guidelines allow for forgiveness based on death of borrower(s), the Department will take the appropriate steps to forgive these loans.

(D) Charge-offs. When the Department determines that all collection efforts have been exhausted on delinquent loans and there is no economic value in foreclosure the loan may be charged off. A charge-off will be reported to the credit bureau through the Department's normal credit reporting processes and to any appropriate agencies including the IRS. When a debt has been charged off, the Mortgagor will be placed on the Department's Debarment list and will not be eligible to apply for future programs.

(d) Potential Actions Related to Multi-family Properties

(1) Financial Delinquency Issues. Owner/managers who fail to perform under the terms of the loan documents leading to an event of default will be provided timely notice of the default. For purposes of this rule a financial delinquency occurs when the responsible party fails to pay loan payments or fees due in a timely manner, fails to maintain adequate insurance and/or fails to pay taxes on a timely basis. When an event of default occurs, the Department will:

(A) Notice. The Department will provide notice according to terms of the Loan Documents and or LURA to the obligor that a potential event of default has occurred. For events of default that are curable, the notice will provide a reasonable time period for correction, not to exceed sixty (60) days from the date notice or such longer period as may be required by the Contract.

(B) Workout. In the event the Responsible Party contacts the Department within the corrective period and provides sufficient evidence of the cause for a failure to pay, the Department may enter into a workout plan that may include: Forbearance of the payment of loans or fees; Loan modification; a payment of taxes or a placement of insurance at additional cost to the Responsible Party. Workouts must address those factors that the Department, in its sole discretion, deems appropriate to address the cause of the problems that required the workout, such as a requirement of a change of management for a property where multiple events of default occur or a repeated pattern of defaults occur. Only in exceptional cases, approved by the Board on the recommendation of the Review Committee, will a Forbearance period exceed twelve (12) months. Not more than one year of taxes or one year of insurance premium shall be added to the principal amount of the note during the workout period without further corrective action being taken. If a loan modification is recommended by staff, the extension of the note or reduction of the interest to be paid will be consistent with then existing policies of the Department. The Review Committee will approve any modifications to Contract or LURAs.

(C) Final Resolution. In the event the Responsible Party and the Department cannot agree upon terms of a workout within six (6) months, the Department will consider all legal action available to it at the end of the six months. All legal action includes litigation up to and including placing the property in Receivership or Foreclosure on the property.

(D) Waiver and Actions Consistent with Other Law. Any failure to act by the Department does not constitute a waiver of this rule. Where applicable, the Department will seek to protect the interests of the Department on behalf of the State of Texas. Nothing in this rule is intended to conflict with

the laws of the United States and the State of Texas and where any conflicts arise, the rule will defer to the existing laws.

(2) **Monitoring During Compliance Period (Tax Credit Properties).** During the compliance period, any tax credit property found to be in violation of 10 Texas Administrative Code Chapter 60 will be covered by this Rule in addition to the Internal Revenue Service Code, Code of Federal Regulations and related revenue rulings and any other official guidance provided by the Internal Revenue Service.

(3) **Monitored Properties (Tax Credit Properties After Original Compliance Period, HTF or HOME Properties Subject to a LURA).** Properties failing to comply with the rules of the Department and/or the terms of the related LURAs are subject to the following actions:

(A) Because of the additional staff time and additional record keeping requirements associated with non-compliance with the agreed upon terms the following table is established as a compliance penalty structure as indicated:

Figure: 10 TAC §1.20(d)(3)(A)

(B) **Compliance Penalty Enforcement.** In determining the compliance penalty, the Department will use a list of published factors to assess the amount of the penalty. Compliance penalties will continue to be assessed until such time as the corrective action has been taken. In the event that corrective action is not taken, the Department will take the following actions:

(i) Provide notice to the last known address of the party against whom the penalty has been assessed;

(ii) A description of the violations and the governing authority for application of the compliance penalty;

(iii) The procedures for appealing the compliance penalty assessed including the provisions under 10 Texas Administrative Code <*> 1.7, 1.8 and 1.17.

(iv) If the party either does not respond or fails to take corrective action, the Department will refer the matter to the Attorney General for determination of the legal remedies available and action to be taken.

(e) **Potential Actions Related to Contract Administration on Awarded Funds.**

(1) **Contracts Involving Department Awards.** The Department is responsible for numerous awards of funds intended to benefit Texans who qualify for programs administered by the Department. Frequently these programs are administered by Subrecipients--some of whom directly perform the work and others who hire others to assist them in service delivery. These rules either repeat or supplement the language included in individual contracts. When a contractor fails to perform adequately, the Department may take any of the following actions:

Figure: 10 TAC §1.20(e)(1)

(2) **Special Conditions for Contract Involving Construction Awards.** In addition to the contract actions found in paragraph (1) of this subsection, the following are potential actions specifically related to construction related awards:

Figure: 10 TAC §1.20(e)(2)

(f) Administration of Section.

(1) Program and Compliance staff will be the first line reviewers for performance with Department policies and procedures related to Contracts and/or LURA's. After providing initial notice to the Responsible Party and time for response, the involved staff will refer non-resolved matters to identified asset resolution and enforcement staff. The asset resolution and enforcement staff will review and develop a recommended action plan and timeline to the Review Committee, including final resolution if other efforts are not successful. The Review Committee will approve, approve with modifications or reject the submitted plan. The Executive Director will evaluate to determine if Board action is required.

(2) The asset resolution and enforcement staff will implement the approved plan including any required referrals to the Office of the Attorney General or other parties.

(3) Unless otherwise indicated, Responsible Parties will have access to Department procedures for appealing actions taken under this rule including the provisions under 10 Texas Administrative Code <*> 1.7, 1.8 and 1.17.

(4) If the Department has determined that a provision of this rule must be expedited to protect the assets of the State of Texas, any non-statutory timeline may be reduced by the Department.

(5) Any section of this rule may be waived for just cause by the Executive Director or the Governing Board except for notice provisions and federal and state statutory provisions.

(g) Debarment for Failure to Perform.

(1) Any Administrator, Affiliated Party, Person or Responsible Party receiving funds (including Housing Tax Credits) directly or indirectly may be subject to debarment under this section.

(2) Procedures for Placement in Debarment.

(A) Recommendation for inclusion on the debarment list is done by referral from Department Division Directors. An Administrator, Affiliated Party, Person or Responsible Party may also submit a referral to a Department Division Director for consideration.

(B) Once referred the Administrator, Affiliated Party, Person or Responsible Party will be placed in Suspension status. While in Suspension the entity can continue to be reviewed for participation in the application or allocation cycle, but a review by the Review Committee must be completed prior to the award of Department funds (or allocation of Housing Tax Credits). A determination of inclusion on the debarment list will preclude the entity from participation for the term determined by the Review Committee, beginning with any current application or allocation award request. The following actions will be taken by the referring Department Division Director:

(i) Notice will be provided to the Administrator, Affiliated Party, Person or Responsible Party of the referral to the Department's Review Committee for inclusion on the debarment list.

(ii) The Administrator, Affiliated Party, Person or Responsible Party will be given an opportunity to provide information for consideration by the Review Committee. This information must be submitted within 14 working days from the date of notice.

(C) The Department Division Director will present the Review Committee with the following for consideration of the referral:

(i) Documentation to support the action that the Administrator, Affiliated Party, Person or Responsible Party has taken to warrant referral for placement on the debarment list.

(ii) A copy of the notice provided to Administrator, Affiliated Party, Person or Responsible Party.

(iii) A copy of any information provided in response by the Administrator, Affiliated Party, Person or Responsible Party to the notice.

(D) The Review Committee may determine based on the information provided that the entity does not warrant being placed on the debarment list. The Review Committee may recommend placement on the debarment list and will recommend a term for debarment based on the following structure:

Figure: 10 TAC §1.20(g)(2)(D)

(E) Agreement of Appeal. 10 days appeal or invoke the Alternative Dispute Resolution Rule, §1.17.

(F) The Board of Directors will provide final approval for placement on the Debarment list. The board will review the Review Committees' determination and recommended term of debarment. The Administrator, Affiliated Party, Person or Responsible Party will be given opportunity to appeal during the Board Meeting.

(G) Once approved by the Department's Board of Directors the entity will be placed on the Debarment List for the determined term.

“Figure 10 TAC §1.20(d)(3)(A)”

Compliance action or Report required	Required action to regain Compliance**	Potential Penalty for continued Non-compliance*
Units leased to households that are not eligible because their income exceeds the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions	Lease labeled “Do not renew lease— as soon as possible lease the unit to eligible household;” Lease to eligible household	Compliance penalty up to \$500 for violation of do not renew restriction; Compliance penalty of up to \$500 for repeated violation.
Rents charged exceed allowable limits or improperly calculated utility allowance	Owner/manager demonstrates reduction in rent and/or recalculation of utility allowance and refund difference to tenants	Compliance penalty up to the amount of uncorrected overcharge.
Property Condition Violations	Appropriate repairs completed and provide evidence	Compliance penalty based on severity of violation up to \$500 per violation.
Failure to Submit Reports Timely and or failure to execute and record program documents	After written notice of failure to receive report owner must provide corrective action support within 30 days	Compliance penalty of up to \$250 per additional notice sent for every 30 days of no response.
Change in eligible basis	Owner to cease charging for facilities and refund amounts collected and/or convert commercial space back to residential space as applicable	Compliance penalty up to amount not refunded or wrongly collected.
Failure to meet minimum set aside, violation of Available Unit Rule, or comply with rent and occupancy restrictions	Units should be rented to the appropriate income and rent restrictions for eligible households	Compliance penalty of up to \$200 per unit and potential listing as not participating in program.
Failure to follow Fair Housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard	Owner must to enter into a corrective action agreement and amend leasing requirements if appropriate	Report for possible fair housing violation, Compliance penalty of up to \$250 per violation.
Failure to maintain adequate documentation or certification for compliance	Owner to recertify accordingly and provide documentation upon completion	Compliance penalty of up to \$100 per request per 30 day period of failure to provide documentation
Low income units used on transient basis	Owner should execute at least six month lease and provide evidence	Compliance penalty of up to \$100 per request per 30 day period of failure to provide documented lease
Violation of the Unit Vacancy Rule	Property must advertise availability of units within 30 days and provide evidence	Compliance penalty of up to \$250 per 30 day period not advertised
No evidence of material participation by a qualified nonprofit	Owner to correct issue and certify compliance within 60 days	Compliance penalty of up to \$500 per 30 days after 60 day corrective period.
Failure to provide agreed to supportive services	Corrective action within 30 days	Compliance penalty of up to \$500 per listed service not provided per month
Failure to pay compliance fees or	After notice of fees due and payable	Begin collection proceedings.

compliance penalties timely	within 30 days of notice	Add state allowable maximum interest rate and additional penalty of up to \$250 per 30 day period of nonpayment.
Failure to meet prescribed special needs set aside	Property must develop and follow adequate marketing plan utilizing organizations that work with special needs for corrective action within 60 days	Compliance penalty of up to \$250 per day for failure to develop and follow marketing plan per 30 day period. Additional penalties may exist for leasing to ineligible households.
Failure to meet Department minimum standards for rehabilitation act compliance	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications	Failure to correct will lead to limitation of future participation in Department programs up to and including Debarment for a period of time.
Continued non-compliance resulting in declaration of no longer participating in program	After written notice owner should provide a corrective action memo	Maximum compliance penalties allowed under LURA plus penalties for specific non-compliant items. Collection of penalties up to and including filing of liens and all legal actions including foreclosure. If property remains out of compliance for 12 months inclusion in Debarment list.
Determination of material Non-compliance for more than six months	After notice of violation corrective action plan developed with Department	Declaration that the property is "No longer participating in the program" and associated penalties and legal actions.
*Compliance penalties are in addition to point scoring for material non-compliance determination	**The Department may require additional training for persons who receive repeated non-compliance findings. The Department may include replacement of management or addition of a consultant as a component of corrective action for repeated non-compliance	

“Figure 10 TAC §1.20(e)(1)”

Non-performance contract action	Required action to adequately perform	Potential penalties for non-performance
Failure to correct audit finding	Satisfactorily answer audit finding during timeline provided	Request repayment of funds; limitation of future payments; reduction in administrative fees allowed; implementation of 10 TAC 1.3; termination of current contract; bar of future contracts; added to debarment list
Failure to File required audit report	File audit report prior to deadline	Loss of contract; withholding of payments, implementation of 10 TAC 1.3; bar of future contracts
Failure to meet contract milestones	Development of corrective action and contract amendment	Reduction in administrative fees; termination of contract; withholding of funds requested
Failure to submit necessary Documentation	Submit required documents within 30 days of notification	Department will return faulty submission documents; reduction of administrative fees; withholding of payments; termination of contract; if not submitted bar of future contracts
Failure to timely request amendment	Request amendment prior to contract expiration in writing and signed by contract signatory authority made at least 90 days before contract end	Termination of contract; withholding of funds requested; reduction in administrative fees; audit finding; repayment of funds paid for work not under contract
Misappropriation of funds	Repayment of funds	Withholding of funds; criminal referral to District attorney; referral to Attorney General for legal action; termination of contract; inclusion in debarment list;
Loss or removal of Federal Programs from subrecipient	Explanation of reason for loss of program and clearance to continue to receive other funds	Termination of contract; withholding of funds requested; inclusion in debarment list
Failure to execute contract	Execution of contract with 30 days of notice	Removal from contract administration system; termination of contract; withholding of any requested funds
Disallowed costs	Clearance of costs prior to deadline provided	Request of repayment of funds; withholding of funds; audit finding; implementation of 10 TAC 1.3
Failure to provide services contracted	Design corrective action plan and submit for approval	Request repayment of funds; withholding of requested funds; disallowed costs; audit findings; legal action to enforce contract under specific performance; termination of contract; reduction in administrative fees.
Match not submitted in time or in a pro-rata share or insufficient documentation	Submit according to requirements or request amendment	Withholding of request funds; reduction of points on future applications; bar placed on contract monitoring system; limiting payments until pro-rata match is achieved; reduce administrative fees
Failure to request draw	Must submit within the sixty	Allow contract to expire in contract system

within required time	day time frame or request an extension with sufficient justification as to the delay	without issuing payment; close out contract as completed; withholding of requested funds; reduction of administrative fees
Criminal charges filed against key staff	Report and explanation of charges and duties of charged staff	Audit of program related to charged staff; termination of contract; request for development of action plan for correction
Failure to respond to Department Correspondence	Respond with appropriate response prior to deadline provided not to exceed 30 days	Termination of contract; request for repayment of fees; withholding of requested funds; referral to Attorney General for enforcement; inclusion in debarment list.

“Figure 10 TAC §1.20(e)(2)”

Non-performance contract action	Required action to adequately perform	Potential penalties for non-performance
Failure to follow federal laws regarding construction	Request waiver; submit plan for alternatives to reconstruction	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Poor Construction Quality	Correct non-compliant construction; Develop a plan for corrective action	Request repayment of all funds; Non issuance of IRS Form 8609 if appropriate; refer to Attorney General for collection of funds; termination of contract; include all parties on debarment list
Failure to build units according to submitted application	Alter construction to meet plans; prepare alternatives for consideration	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Agreement between consultants and Administrators	Submit copy of agreement for review prior to beginning work	Verify that the Department’s required clauses involving audit provisions, debarment list penalties, and conflicts of interests are included; limit draws or submission of documents until such contracts are provided; reduction of administrative fees

Figure: 10 TAC <*>1.20(g)(1)(D)

Action	Potential Debarment Term
Failure to meet Department minimum accessibility standards for rehabilitation act compliance	1-10 years
Continued non-compliance resulting in declaration of no longer participating in program	1-10 Years
Determination of uncorrected material Non-compliance for more than six months	1-5 Years
Failure to correct audit finding	1-5 Years
Failure to File required audit report	1-5 Years
Failure to meet HOME contract milestones	1-5 Years
Failure to submit necessary Documentation	1-5 Years
Misappropriation of funds	In Perpetuity
Loss or removal of Federal Programs from subrecipient	Duration determined by Federal Agency for that Issue
Disallowed costs	Until Cured
Failure to provide services contracted	1-5 Years
Match not submitted in time or in a pro-rata share or insufficient documentation	1-5 Years
Charged with committing criminal actions	In Perpetuity
Failure to respond to Department Correspondence	Until Resolution
Failure to follow federal laws regarding construction	1-5 years
Poor Construction Quality	In Perpetuity
Failure to build units according to submitted application	1-10 Years

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Items

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting new § 1.19, concerning Deobligated Funds.

Required Action

Approve, reject, or approve with modifications a final order adopting new §1.19, concerning Deobligated Funds

Background

The proposed new rule was published in the *Texas Register* on March 2, 2007. One comment was received.

From time-to-time, it becomes necessary to make changes to the previously awarded funds to either expedite the delivery of the funds, meet state or federal guidelines or statutes, or to meet unexpected needs like disaster relief or the leveraging of additional funds. To best achieve these goals, the Department has determined that a policy is necessary to provide the public with clear and consistent rules as to how deobligated funds occur, the reporting of deobligated funds and how the Department will treat deobligated funds after an initial award has been made. The funds covered by this section are previously awarded funds under a program administered by the Department, or funds that become available to the Department through program income.

The purposes of this section are: (1) to establish procedures and Board Policy on the events creating deobligated funds for applicable Department programs, (2) to identify standards for reporting and maintaining deobligated fund balances, and (3) to provide guidance for the reprogramming and reobligation of deobligated or otherwise unexpended funds and program income.

SUMMARY OF COMMENTS, RESPONSE, AND BOARD ACTION

The Department received one set of written comments from the Texas Association of Community Action Agencies, Inc ("TACAA").

Comment:

TACAA's primary concern is that because the rule is intended to apply to programs under the Community Affairs Division that provisions should be considered that clarify that federal rules will supercede this rule to the extent they conflict, and that the existing deobligation policy with respect to Weatherization, Low Income Home Energy Assistance and Comprehensive Energy Assistance programs should continue as currently applied.

Staff Response:

It is not necessary to state that federal law and policies will take precedence over this rule. To the extent federal law or program rules limit the use of federal funds, such law or rule must be followed by the Department. Moreover, one of the stated purposes of this new rule is to gain flexibility for meeting the goals of the Department including expediting the delivery of funds, meeting state and federal guidelines or statutes, or meeting unexpected needs like disaster relief or the leveraging of additional funds. Therefore the Department believes the suggested changes are not needed.

Recommendation

Staff recommends approval of the proposed order adopting new § 1.19, concerning Deobligated Funds.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
10 TAC §1.19 Deobligated Funds

The Texas Department of Housing and Community Affairs (the Department) adopts new §1.19, concerning Deobligated Funds, without changes to the text as published in the *Texas Register* (32 TexReg 1010) dated March 2, 2007. The purpose of this new section is, in accordance with §2306.052(b)(4), Texas Government Code, to establish a procedure for use of funds returned to the Department to make them available to the community.

The new section is adopted pursuant to the authority of the Texas Government Code, Chapter 2306.

The new section affects no other code, article or statute.

SUMMARY OF COMMENTS, RESPONSE, AND BOARD ACTION

The Department received one set of written comments from the Texas Association of Community Action Agencies, Inc (“TACAA”).

Comment:

TACAA’s primary concern is that because the rule is intended to apply to programs under the Community Affairs Division that provisions should be considered that clarify that federal rules will supercede this rule to the extent they conflict, and that the existing deobligation policy with respect to Weatherization, Low Income Home Energy Assistance and Comprehensive Energy Assistance programs should continue as currently applied.

Staff Response:

It is not necessary to state that federal law and policies will take precedence over this rule. To the extent federal law or program rules limit the use of federal funds, such law or rule must be followed by the Department. Moreover, one of the stated purposes of this new rule is to gain flexibility for meeting the goals of the Department including expediting the delivery of funds, meeting state and federal guidelines or statutes, or meeting unexpected needs like disaster relief or the leveraging of additional funds. Therefore the Department believes the suggested changes are not needed.

§1.19. Deobligated Funds.

(a) Purpose: The Governing Board and the Department seek to facilitate the use of public funds to provide for safe decent and affordable housing for Texans in a timely manner. From time-to-time, it becomes necessary to make changes to previously awarded funds to either expedite the delivery of the funds, meet state or federal guidelines or statutes, or to meet unexpected needs like disaster relief or leveraging of additional funds. To best achieve these goals, the Department has determined that a policy is necessary to provide the public with clear and consistent rules as to how Deobligated funds occur, the reporting of Deobligated Funds and how the Department will treat Deobligated funds after an initial award has been made. The funds covered by this section are previously awarded funds under a program administered by the Department, or funds that become available to the Department through program income. The purposes of this section are:

- (1) To establish procedures and Board policy on the events creating Deobligated Funds for applicable Department programs,
- (2) To identify standards for reporting and maintaining Deobligated Fund balances, and
- (3) To provide guidance for the reprogramming and reobligation of Deobligated or otherwise unexpended funds and program income.

(b) Definitions.

- (1) Administrator--A unit of government, non-profit entity or other party who has a written signed Agreement with the Department committing the Department to provide funds upon the completion of certain actions called for in the Agreement.
- (2) Agreement--A written executed agreement between the Department and an Administrator or Contractor outlining the obligations of all parties involved in the related transaction.
- (3) Contract--A written executed contract between the Department and an Administrator or Contractor outlining the obligations of all parties involved in the related transaction.
- (4) Contractor--A party who has a Contract with the Department to administer a program using funds provided under explicit terms and conditions in a written Contract with the Department.
- (5) Deobligated Funds--The funds released by an Administrator or Contractor or recovered by the Department canceling a contract or award involving some or all of a contractual financial obligation between the Department and an Administrator or Contractor.
- (6) Department--The Texas Department of Housing and Community Affairs as authorized in Chapter 2306 of the Texas Government Code.
- (7) Expenditure--Approved expense evidenced by documentation submitted by the Administrator or Contractor to the Department for purposes of drawing funds from HUD's Integrated Disbursement and Information System (IDIS) for work completed, inspected and certified as complete, and as otherwise required by the Department.
- (8) Executive Director--The person hired by the Governing Board with administrative duties to manage the affairs of the Department as provided under Texas Government Code §2306.036.
- (9) Governing Board--The Governing Board of the Department.
- (10) HOME--The HOME Investment Partnership Program at 42 United States Code <*>12701-12839 and the regulations promulgated thereafter at 24 CFR Part 92 and governed by the Rules in 10 Texas Administrative Code §53.50 et seq.
- (11) Housing Trust Fund--The fund created under Texas Government Code §2306.201 and governed by the Rules found at 10 Texas Administrative Code §51.1 et seq.
- (12) HUD--United States Department of Housing and Urban Development.
- (13) Program Income--Funds generated through the activities related to a program that are made available to the Department for use in funding authorized actions of the Department.

(c) Events Creating Deobligated Funds.

- (1) The Department reserves the right to release their commitment to any Administrator or Contractor resulting in Deobligated funds in the event of any one of the following circumstances:
 - (A) Department has notified Administrator or Contractor of any outstanding compliance issues and the Administrator or Contractor has failed to either resolve the issue or take sufficient action to correct the compliance matter;
 - (B) Department has notified Administrator or Contractor that they have failed to meet the required timelines and/or commitment deadlines, including Expenditure of funds, per the Agreement or Contract and Administrator or Contractor has not sufficiently corrected the deficiency;

(C) The Department provides notice of default to Administrator or Contractor on any Agreement or Contract by and between Administrator and Contractor and the default has not been cured within the required time frame;

(D) Applicant materially misrepresents facts to the Department during an application process, award of contract, request for amendment, or administration of any contract;

(E) Department has notified Administrator or Contractor of their inability to provide adequate financial support to administer the contract as called for in the Agreement or Contract or meet any other material conditions and the Administrator or Contractor has failed to sufficiently correct the matter;

(F) Department has notified Administrator or Contractor of their inadequate or insufficient management controls and the Administrator or Contractor has failed to sufficiently correct the matter;

(G) Administrator or Contractor declines funds;

(H) Administrator or Contractor fails to expend all funds awarded and voluntarily releases the funds;

(I) Program income received by the Department that is used in lieu of awarded contract funds; or

(J) Other circumstances approved by the Board as warranting Deobligation.

(2) The Department shall have the sole discretion to determine whether sufficient progress or cure has been made under paragraph (1)(A)-(C) of this subsection and the sole discretion to determine what constitutes materiality in paragraph (1)(D) of this subsection, subject to appeal under 10 Texas Administrative Code §1.7.

(3) During the pendency of a challenge of an event described under paragraph (1) of this subsection by Administrator or Contractor, the Department shall not take any action resulting in Deobligated funds until an appeal as provided for under 10 TAC §1.7 has been completed. The Department may suspend reimbursement of funds during the appeal. If an appeal has not been requested, the Department may take action as allowed under this policy.

(d) Maintenance of Deobligated funds.

(1) The Department will produce a report for the Executive Director and the Board related to Deobligated funds separate from original balances and program income, including fees earned and loan repayments, as part of the accounting of program funds at both the program and Department level.

(2) The Department will ensure that HOME Deobligated fund balances are reconciled at least monthly against the unexpended fund balances maintained by HUD. The Department shall confirm balances with HUD prior to recommendation to the Board for the use of any Deobligated funds.

(3) Housing Trust Fund Deobligated funds, or any other Deobligated funds deriving from a state general revenue source, will be included in the report in paragraph (1) of this subsection, but shall not be used to establish reserve balances. The Department will initiate efforts to reprogram and reassign Deobligated funds from the Housing Trust Fund or any other state general revenue source within three months of Deobligation upon reaching a cumulative amount of Deobligated funds that facilitates reprogramming.

(4) The Department shall not retain Deobligated funds from any program in any amount that exceeds 15% of the most current annual allocation for three consecutive months and must initiate efforts to reprogram or reassign funds in excess of that standard within 90 days of the figure reaching the 15% threshold. For purposes of determining the 15% threshold, funds that are subject to disbursement under a Notice of Federal Funding, but are not yet committed are not included in

the 15% threshold. Submitting a proposal for reprogramming or reassigning Funds to the Board for approval shall constitute an initiation of efforts.

(e) Reassignment of Funds. Under this policy, the Governing Board and the Department, intend to create a policy to direct staff and the public on the uses of funds that are either characterized as Deobligated Funds under this policy or Program funds.

(1) The Department shall not recommend to reprogram or reassign Deobligated funds from the HOME Program or other programs with Deobligated funds other than state general revenue funds described in subsection (d)(3) of this section for purposes other than disaster relief unless the remaining Deobligated fund balance after reprogramming of funds is an amount equivalent to or greater than 5% of the most current annual allocation of such funds, for example the annual allocation of HOME funds from HUD.

(2) It is the policy of the Department that funds not reserved for disaster relief may be used for any of the activities listed below as needed in the Department's discretion subject to the approval of the Governing Board:

(A) Successful appeals related directly to the program funds available as allowable under program rules and regulations;

(B) Leveraging of funds with other local, state or federal resources for applications made to the Department for any one or more of the programs operated by the Department;

(C) Funding of projects identified as beneficial by the Department and identified in a Notice of Funding Availability approved by the Board;

(D) Disaster relief including but not limited to disaster declarations or documented extenuating circumstances such as imminent threat to health and safety;

(E) Funding of applications for program funds on existing Department waiting lists or reservation systems;

(F) Funding to existing previously awarded eligible contracts in need of additional resources for circumstances considered unique or extenuating by the Department's Board;

(G) Funding of applications or programs that serve individuals with special needs;

(H) Settlement of litigation or HUD compliance matters;

(I) Use in Asset Resolution/Enforcement Rule activities;

(J) Funding applications or programs that serve Colonias; or

(K) Other projects/uses as determined by the Executive Director and/or Board including the next year's funding cycle for each respective program.

(f) After adoption in final form and publication in the Texas Register, this policy shall supersede any other rule or policy governing the use of Deobligated funds for the Department regardless of where published, unless any portion of this rule conflicts with statutory language or Federal rules, in which case those shall be controlling.

(g) Any portion of this rule may be waived for good cause by the Governing Board of the Department.

**LEGAL SERVICES DIVISION
BOARD ACTION REQUEST**

April 12, 2007

Action Items

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting amended 10 T.A.C. §53.62, concerning Program Administration.

Required Action

Approve, reject, or approve with modifications a final order adopting amended 10 T.A.C. §53.62, concerning Program Administration.

Background

The proposed amendment to repeal 10 T.A.C. §53.62(c) was published in the *Texas Register* on March 2, 2007. This amendment to the HOME rule is necessary to prevent a conflict with a new rule, 10 T.A.C. §1.19, if approved by the Board at this meeting. No gap in the Department's ability regarding deobligated funds will occur as a result of this amendment. No public comments were received.

Concurrently with this request for adoption of amended 10 T.A.C. §53.62, Staff is also asking the Board to adopt new §1.19, concerning Deobligated Funds. New 10 T.A.C. §1.19 is intended to change and replace 10 T.A.C. §53.62(c). New 10 T.A.C. §1.19 provides for clearer and more specific guidelines for reprogramming and re-obligating funds while also ensuring that funds will be available in the event of disasters.

Recommendation

Staff recommends approval of the proposed order adopting amended 10 T.A.C. §53.62, concerning Program Administration and final publication of the rule in the Texas Register.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 53 HOME INVESTMENT PARTNERSHIP PROGRAM
§53.62 Program Administration

The Texas Department of Housing and Community Affairs hereby adopts amended §53.62, concerning deobligation of funds, without changes to the proposed text as published in the *Texas Register* (32 TexReg1016) dated March 2, 2007. The department has recommended a new administrative rule that will provide stricter guidelines on the timely reprogramming and obligation of funds while also ensuring availability of funds for disasters. Further, this existing deobligation policy has been a challenge because it listed eligible uses of deobligated funds in a specific prioritized order. Because the events that prompt a need for specific eligible use of deobligated funds do not necessarily occur in the same neatly prioritized order as the existing list, it has been challenging to ensure adherence to the priorities listed.

The amended section is adopted pursuant to the authority of the Texas Government Code, Chapter 2306.

The adopted amended section affects no other code, article or statute.

§53.62 Program Administration

- (a) Agreement. Upon approval by the Board, Applicants receiving HOME funds shall enter into, execute, and deliver to the Department all written agreements between the Department and Recipient, including land use restriction agreements and compliance agreements as required by the Department.
- (b) Amendments. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any HOME written agreement provided that:
- (1) in the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; and
 - (2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award.
- (3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.
- (c) Waiver. The Board, in its discretion and within the limits of federal and state law, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.
- (d) Additional Funds. In the event the Department receives additional funds from HUD, the Department, with Board approval, may elect to distribute funds to other Recipients.
- (e) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.
- (f) Department may terminate a contract in whole or in part. If Applicant has not achieved substantial progress in performance of a contract within six (6) months of the effective date of this

contract, the contract will terminate. The Department will track substantial progress during the initial six (6) month period and throughout the contract term. Substantial progress in contract performance must be satisfactorily completed during the term of the contract as follows:

(1) Owner-Occupied Housing Assistance:

- (A) 6 months, Contract Environmental Clearance must be complete;
- (B) 12 months, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;
- (C) 18 months, 100% of funds must be committed, 50% of funds drawn, and 50% of matched supplied;
- (D) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied;

(2) Homebuyer Assistance Activities:

- (A) 6 months, Environmental Clearance must be complete;
- (B) 12 months, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;
- (C) 18 months, 75% of funds must be committed, 50% of funds drawn, and 50% of matched supplied;
- (D) 24 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied;

(3) Tenant-Based Rental Assistance:

- (A) 6 months, Contract Environmental Clearance must be complete;
- (B) 12 months, 50% of funds must be committed, 25% of funds drawn, and 25% of match supplied;
- (C) 18 months, 75% of funds must be committed, 50% of funds drawn, and 50% of matched supplied;
- (D) 24 months, 100% of funds must be committed, 75% of funds drawn, and 75% of matched supplied;
- (E) 30 months, 100% of funds must be committed, 100% of funds drawn, and 100% of matched supplied;

(4) Lower percentages, due to extenuating circumstances, may be allowed as approved by the Executive Director.

(5) Definitions and Terms. The following words and terms, when used in the subsection, shall have the following meanings, unless the context clearly indicates otherwise.

- (A) Extenuating Circumstances--An event or set of incidents beyond the control of the Applicant.
- (B) Committed--Funds budgeted to a household in the Department's central database and approved by the Department.
- (C) Drawn--Funds approved by the Department for reimbursement.

LEGAL SERVICES DIVISION
BOARD ACTION REQUEST
APRIL 12, 2007

Action Items

Presentation, discussion, and Possible Approval for publication in the *Texas Register* of a draft order to receive public comments on proposed amendments to §60.1, concerning Purpose, and proposed new §60.23, concerning Community Development Block Grant Disaster Recovery Properties.

Required Action

Approve, reject, or approve with modifications a draft order proposing amendments to §60.1, concerning Purpose, and proposing new §60.23, concerning Community Development Block Grant Disaster Recovery Properties.

Background

Current Department rules do not contain compliance and monitoring provisions for the Department's Community Development Block Grant (CDBG) Disaster Recovery Program. These rules are necessary to assure that multi-family NOFA recipients of these funds comply with relevant program rules and regulations, Chapter 2306, Texas Government Code, any Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the application or award of funds by the Department. The Department proposes to apply the compliance and monitoring requirements for HOME rental developments outlined in Chapter 60 to Community Development Block Grant Disaster Recovery Program properties except where otherwise indicated.

Recommendation

Staff recommends approval of the proposed order proposing amendments to §60.1, concerning Purpose, and proposing new §60.23, concerning Community Development Block Grant Disaster Recovery Properties, for publication in the *Texas Register* for public comment.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
RULE 60.1 PURPOSE

The Texas Department of Housing and Community Affairs proposes an amendment of §60.1, concerning Purpose. The Department is recommending applying the Department's rules that pertain to the compliance and monitoring of HOME rental development to projects funded under the Department's new Community Development Block Grant Disaster Recovery Program. The purpose of the amendment is to assure that recipients of these funds comply with relevant program rules and regulations, Chapter 2306, Texas Government Code, any Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the application or award of funds by the Department.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the proposed amendment is in effect there will be no fiscal implications for state or local government as a result of enforcing or administering the rule.

Mr. Gerber also has determined that for each year of the first five years the proposed amendment is in effect, the public benefit anticipated as a result of this amendment will be clearer standards for operating and monitoring properties receiving CDBG Disaster Recovery funds. There will be no effect on persons, small businesses or micro-businesses. There are no anticipated economic costs to persons, small businesses or micro-businesses who are required to comply with the section as proposed. The proposed amendment will not have an impact on any local economy.

Comments may be submitted to Kevin Hamby, General Counsel, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas, 78711-3941 or by email at the following address: Kevin.hamby@tdhca.state.tx.us.

The proposed amended section is proposed pursuant to the authority of the Texas Government Code, Chapter 2306.

The proposed amended section affects no other code, article or statute.

§60.1 Purpose

The Department monitors rental developments receiving assistance under the Housing Tax Credit program (HTC), the HOME Investment Partnerships program (HOME), the Tax Exempt Bond program (BOND), the Housing Trust Fund program (HTF), the Community Development Block Grant (CDBG) Disaster Recovery Program, and the Federal Deposit Insurance Corporation's Affordable Housing Program (AHP) (formerly the Resolution Trust Corporation's Affordable Housing Disposition Program). Compliance monitoring begins with the commencement of construction and continues to the end of the long term Affordability Period. The Portfolio Management and Compliance Division (PMC) monitors to ensure owners comply with the program rules and regulations, Chapter 2306, Texas Government Code, the Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the application or award of funds by the Department. PMC's processes, eligibility procedures, forms, and additional programmatic details are set out in individual program regulations and in the Owner's Compliance Manual(s) prepared by PMC, as amended from time to time. The rules under this section address processes, reports and records that are required to facilitate the Department's monitoring of a Development for compliance with a program's federal and state rules and regulations. These rules do not address

forms and other records that may be required of Development Owners by the Internal Revenue Service (IRS) or other governmental entities more generally, whether for purposes of filing annual returns or supporting Development Owner tax positions during an IRS or other governmental audit.

§60.23. Community Development Block Grant Disaster Recovery Properties
All compliance requirements for HOME rental developments outlined in Chapter 60 apply to Community Development Block Grant Rental Disaster properties unless specifically waived by federal statute with the exception of §60.18(i)(12).

LEGALDIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Items:

Request approval to set aside returned Below Market Interest Rate Program (BMIR) funds for the preservation of existing Priority I HOME and Housing Trust Fund (HTF) loans and awards monitored and managed by the Department.

Required Action:

Approve the reprogramming and use of BMIR funds to the previously created Asset Resolution and Enforcement fund for asset management purposes.

Summary:

The Department currently has a deobligated balance of \$623,344 in BMIR funds due to the deobligation of an award made from that source to Willow Bend Apartments. In identifying the highest use of those funds, staff recommends that they be reprogrammed into the Legal Division for use with Asset Resolution and Enforcement.

The use of these reprogrammed funds would be to best manage existing troubled properties identified by the Department in conjunction with the Asset Management and Enforcement Rules on today's agenda for final approval by the Board. Uses of the transferred funds may include: foreclosure-related costs, payment of property taxes that may be added to the existing loans, payment of insurance premiums that may be added to the existing loans, and operating and management expenses for Department owned real estate. Where appropriate, the funds could also be used to make emergency repairs to meet minimum safety and soundness requirements for real estate owned by the Department, and costs associated with the marketing and sale of foreclosed assets.

In October 2005 the Board approved \$233,000 for that purpose of which \$103,847 has been utilized. The combination of the balance of that original allocation, \$129,153, and this action will provide a total transfer of \$752,497 that will allow the Department flexibility with how to proceed with troubled single family homes and multi-family properties. A more detailed background about the source and use of funds follows this Board Action summary.

Recommendation

Staff recommends approval of the reprogramming of the deobligated balance of \$623,344 of BMIR funds to be used according to the Asset Resolution and Enforcement Rules.

Expanded Background:

Use of Initial Fund Allocation:

On October 13, 2005, the Board approved a similar request involving a transfer of funds in the amount of \$233,000 for use in Asset Management activities. Of those funds, \$103,522 was used in the resolution of a contract with Furman-Allen Corporation for taxes and \$325 in title fees for M&R Concepts. The remaining balance available is \$129,153.

Asset Management:

The Department recently reorganized certain organization functions within the Department which included the movement of asset management functions into an Asset Resolution and Enforcement area within the Legal Division. An Asset Management Committee – handling both single family and multifamily assets - complements that area and provides direction and guidance on the handling and possible disposition of troubled assets with an emphasis on reducing the Department's risk. While most of the Department's assets perform as anticipated and intended, there are some that do not. Failure to perform as anticipated may, in the classical banking sense, mean that the owner is not repaying their loan(s), or performing another fiduciary responsibility like paying insurance or taxes, or it may mean that they are out of compliance and failing to provide safe decent affordable housing as stipulated in the their agreements with the Department.

Relating to HOME Program assets, §92.252 of the Final HOME Rule indicates that the participating jurisdiction is responsible to ensure that "the affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership." The affordability requirements "must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure." In addition, §92.214 of the Final HOME Rule prohibits the participating jurisdiction from "provid[ing] assistance to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under Section 92.504. However, additional HOME funds may be committed to a project up to one year after project completion." Given the Department's obligations to HUD, an owner's inability to provide safe decent affordable housing units, as evidenced in its long term compliance violations, could be a significant risk to the Department.

Background of BMIR Program:

In 1988, the Texas Housing Agency entered into a participation agreement with the Arkansas Development Finance Authority (ADFA) and several other states. ADFA issued bonds to purchase, at a discount, an FHA portfolio of multifamily properties under the Below Market Interest Rate Program (BMIR). The entire portfolio is serviced by Reilly Mortgage. Properties in the portfolio are located throughout the country. Texas and the other state housing finance agencies helped to provide funds to cover costs of issuance for the bond transaction. Texas provided an estimated \$40,329. In return, each of the participating states receives proportionate distributions from the proceeds of mortgages as they are paid off.

Texas received some distributions prior to 1996 which were used for various purposes. During the tenure of current staff, the Department has received approximately \$2,492,547 over the past

several years. Stipulations of the Participation Agreement require the Department to make such funds available to properties which are remaining in the BMIR portfolio in Texas to encourage the owners not to prepay their loans, and to continue to provide affordable housing. If no such opportunities are available, the Department may use the funds to provide low income housing by other means.

Over the past several years, Department staff has corresponded with the owners of all Texas properties known to be remaining in the portfolio to inform them of the availability of these funds. All identified needs for the funds from those participants were funded. The BMIR funds were subsequently programmed for preservation uses beyond their original re-use by BMIR-funded developments. The BMIR agreements allow these excess funds to be used for preservation purposes with some latitude for discretion given to the Department. These funds are a flexible source of funds allowed to be used for the purposes described below where additional HOME funds are not.

The BMIR funds were used to fund the Preservation Incentives Program, a statutorily mandated, but unfunded, program under §2306.805, which states: "The department shall establish and administer a housing preservation incentives program to provide incentives through loan guarantees, loans, and grants to political subdivisions, housing finance corporations, public housing authorities, for-profit organizations, and nonprofit organizations for the acquisition and rehabilitation of multifamily housing developments assigned a Class A or Class B priority under Section 2306.803." Since the inception of the Preservation Incentives Program, through a variety of sources including BMIR, the Department has made 10 awards totaling \$6,076,170, preserving more than 500 units of affordable housing. Additionally, while not formally under the Preservation Incentives Program, both the HOME Program and Housing Tax Credit Program have set-asides for Preservation of affordable housing.

While no additional BMIR funds have been received at this time, one previous award from the Preservation Incentive Program to Willow Bend Apartments was deobligated which is the source of the \$623,344.

Proposed Uses of Funds For Asset Management:

The following provide descriptions of how the funds are proposed to be utilized.

1) Costs of Foreclosure – In order to remove an ineffective or absentee owner that remains in place as the manager/operator of a property that is in default, the Department must have the capacity to declare the loan to be in default and proceed to foreclose and operate the property. The Department currently has the authority to foreclose and own an asset up to three years but has rarely exercised this ability due to the lack of necessary funds. Moreover, without an identified source of funding the Department cannot obtain the title work and legal services associated with the foreclosure. There is currently one property that has been recommended by the Asset Management Committee for foreclosure by the Department, but action on it is pending this request or other identification of funding to pay for foreclosure and existing property tax liens.

2) Payment of Taxes – When a property fails to develop and operate as intended, it is likely that it will not generate sufficient cash flows to address current needs, including payment of *ad valorem* property taxes. An inability to see to it that these taxes are paid places the Department

at risk of having the property foreclosed by the taxing entity, wiping out the Department's lien and preventing the Department from taking steps, such as identifying a new owner/operator, to provide the necessary affordability to comply with HOME requirements. Four properties are currently known to be delinquent in payment of property taxes and two are known to be currently in the initial stages of proceedings that will lead to a property tax foreclosure sale.

3) Payment of Insurance Premiums – Often before taxes are neglected insurance premiums are left unpaid. This poses a number of unmitigated risks to the lending institution and others, should damage to the buildings occur.

4) Necessary Rehabilitation (to address safety and/or habitability concerns) – When a property has not been developed and operated as intended, it is not uncommon for it to fall into disrepair. Sometimes, this presents matters that cannot wait for a new owner/operator but must be accomplished during the period of time immediately after foreclosure by the Department.

5) Procurement of Appraisals, Surveys, or Other Third Party Expenses (in connection with the marketing of such properties) – Once a property has been identified as a candidate for a new owner/operator, out-of-pocket expenses will likely have to be incurred as part and parcel of the remarketing effort.

Making these funds available for such alternative uses will facilitate the orderly management of these properties, enabling the Department to preserve value and market the properties with an objective of continuing and completing the affordability period required by the HOME or HTF Programs. A failure to work with the HOME properties through transition to new ownership and management places the Department at risk to HUD for the resulting and uncured lack of compliance with the HOME program.

Administration and Reporting:

The Asset Resolution and Enforcement area of the Legal Division, with authorization through the Asset Management Committee and approval of the Executive Director, will be responsible for the utilization and allocation of these funds and shall provide the Board with a quarterly report. The Financial Administration Division will be responsible for tracking the use and commitment of these funds. It is a goal of the Department that these funds be used for short term needs and that the effort to recover and re-use these funds for assisting future distressed assets be preserved to the extent possible. Thus to the maximum extent possible they will be the last funds in but the first funds to be repaid in a workout or restructure of a development.

In pursuing possible purchasers of properties, the Department will apply all rules and regulations and prospective owners will be evaluated by the same standards as applicants for funds.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, Discussion and Possible Action for the applicant's appeal of termination for a 2007 Housing Tax Credit Application – Alamito Place Apartments.

Requested Action

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

Background and Recommendations

Alamito Place Apartments

On March 1, 2007, an application was submitted to the Texas Department of Housing and Community Affairs (the "Department"), by mail. March 1st was the official deadline for applications requesting a Housing Tax Credit (HTC) allocation. Section 49.5(a)(9) of the 2007 Qualified Allocation Plan states that an application is ineligible if:

"A submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the Termination letter to the Applicant"

Due to March 1st being the deadline, the majority of applications are submitted on that date and in person which requires multifamily staff to be available to review applications for completeness before accepting the application. Since the Alamito Place application was submitted by mail, it was not opened and reviewed until the end of the day. Therefore, the deficiencies were not found until after the deadline. The application was missing all the required unbound copies of the application along with the applicant's financial statements. The applicant's counsel asserts that if the applicant had submitted the application in person, the applicant would have had an opportunity to submit the additional copies. This statement is correct in part. The application would not have been accepted if it had been delivered in person however, the applicant would have been informed of the missing items and had there been time to go offsite, make copies, complete the financial statements and return the completed application prior to 5:00 p.m. on March 1st, the application could have been accepted. The majority of applicants submit their applications in person to be assured all items are accounted

for and to avoid having the application rejected because something was missing. All applications are held to the same standard.

Pursuant to §49.5(a)(9) of the 2007 QAP, the application was not processed and was mailed back to the applicant.

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

Applicant:	Alamito Place, L.P.
Site Location:	Bordered by Delta Drive Street, St. Vrain Street, E. Third Street and Hill Street
City/County:	El Paso/ El Paso County
Regional Allocation Category:	Urban/Exurban
Set-Aside:	Non-Profit
Population Served:	Intergenerational
Region:	13
Type of Development:	New Construction
Units:	58
Credits Requested:	\$717,967

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



- Copy -

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

March 12, 2007

Alamito Place, L.P.
Attention: Vincent Dodds
5300 E. Paisano
El Paso, Texas 79905
Telephone: (915) 849-3749
Facsimile: (915) 849-3722

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

Re: Alamito Place Apartments, TDHCA #07224

Dear Mr. Sanchez:

On March 1, 2007 you submitted an application for Housing Tax Credits for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). The application was missing the unbound copies of Volume 1, Tab 5; Volume 3, Tab 7; Volume 2; and the financials. The application has been determined to be incomplete pursuant to §49.5(a)(9) of the 2007 Qualified Allocation Plan and Rules (the "QAP") which states the following:

"Ineligibility. An Application is ineligible if:

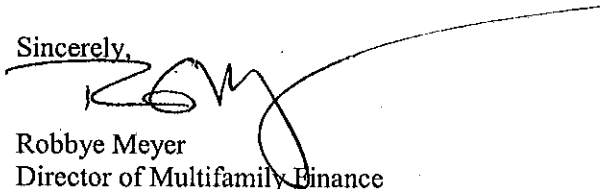
A submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the Termination letter to the Applicant."

Therefore, based on the reason stated above, the application has been terminated. No further action will be taken with this application.

Pursuant to §49.17(b) of the QAP, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal are detailed in §49.17(b) of the QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on or before seven days following the date of this notice.

If you have any questions you may contact me at (512) 475-2213 or at email address robbye.meyer@tdhca.state.tx.us.

Sincerely,


Robbye Meyer
Director of Multifamily Finance

COATS | ROSE

ANTOINETTE M. JACKSON

tjackson@coatsrose.com
Direct Dial
(713) 653-7392
Direct Fax
(713) 890-3928

March 26, 2007

VIA ELECTRONIC SUBMISSION

Mr. Michael Gerber, Executive Director
TDHCA -Housing Tax Credit Program
221 East 11th Street
Austin, TX 78701

RE: Alamito Place, TDHCA # 07244
Appeal of Notification of Termination of Application

Dear Mr. Gerber:

This letter appeals the TDHCA's Notification of Termination of Application for Alamito Place (the "Project") on March 19, 2007 (the "Notification").

The development which will be known as Alamito Place is an existing development which is a part of a HOPE VI grant awarded to the Housing Authority of the City of El Paso ("HACEP") in July 2005.

The applicant submitted a full application for the 2007 9% Housing Tax Credit Application cycle. This application contained full and complete volumes of all of the documents as required by the Qualified Application Plan. The applicant did not include in its application the extra copies of certain volumes although this information was complete and submitted in the bound submission.

The applicant was informed that had this application been submitted in person, the applicant would have been given the opportunity to submit the copy of these documents. However, since the application was submitted via overnight delivery the applicant was not given this opportunity. It is our assertion that this should be considered as an administrative deficiency rather than grounds for termination since the application was submitted in its entirety.

COATS | ROSE | YALE | RYMAN | LEE
A Professional Corporation

3 East Greenway Plaza, Suite 2000 Houston, Texas 77046-0307

Phone: 713-651-0111 Fax: 713-651-0220

Web: www.coatsrose.com

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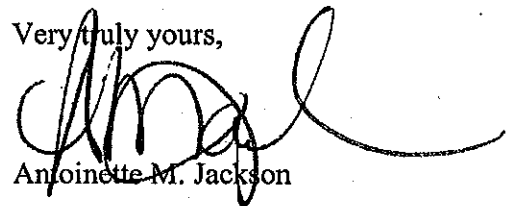
Mr. Michael Gerber
Texas Department of Housing
And Community Affairs
March 26, 2007
Page 2

Additionally, HACEP never received any information regarding this matter until the submission log was released and we began contacting TDHCA to determine why the application was not listed on the submission log.

Therefore, we ask for your favorable reconsideration of the termination of the application for Alamito Place.

Thank you very much for your consideration of this appeal. If you require additional information, please do not hesitate to call me at (713) 653-7392.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Anjolette M. Jackson', with a long horizontal flourish extending to the right.

Anjolette M. Jackson

cc: Robbye Meyer, Director,
Multifamily Finance Production Division

Vincent Dodds, Interim CEO and President
Housing Authority of the City of El Paso



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

April 3, 2007

Alamito Place, L.P.
Attention: Vincent Dodds
5300 E. Paisano
El Paso, Texas 79905
Telephone: (915) 849-3700
Facsimile: (915) 849-3707

Re: Appeal for Alamito Place Apartments

Dear Mr. Dodds:

Appeal Review

I have carefully reviewed your appeal received by the Texas Department of Housing and Community Affairs (the "Department") on March 26, 2007 regarding the termination (non-acceptance) of the Housing Tax Credit application for the above referenced application.

Pursuant to §49.5(a)(9) of the 2007 Qualified Allocation Plan and Rules which states "An Application is ineligible if: A submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the Termination letter to the Applicant", the application was determined to be ineligible because ALL the required unbound documents and financial statements were not included, at the time of submission.

Pursuant to §49.9(h)(13)(A-C) of the 2007 Qualified Allocation Plan and Rules which states "Evidence of Financial Statement and Authorization to Release Credit Information. The financial statements and authorization to release credit information must be unbound and clearly labeled. A "Financial Statement and Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has an ownership interest of ten percent or more in the Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit."

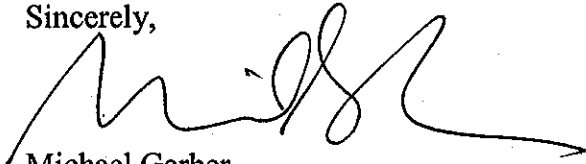
Appeal Determination

Your appeal is denied.

Pursuant to §49.17(b) of the 2007 Qualified Allocation Plan and Rules, your request for an appeal to the Board has been placed on the April 12, 2007 Board meeting agenda.

If you have questions or comments, please contact Robbye Meyer, Director of Multifamily Finance at (512) 475-2213.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Gerber', with a long horizontal flourish extending to the right.

Michael Gerber
Executive Director

**Housing Tax Credit Program
Board Action Request
April 12, 2007**

Action Item

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for a tax-exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **another issuer** for the tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
07409	HomeTowne at Matador Ranch	Fort Worth	Tarrant County HFC	198	198	\$18, 487,363	\$11,598,300	\$575,046	\$575,046

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
April 12, 2007

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Home Towne at Matador Ranch.

Summary of the Transaction

Background and General Information: The application was received on January 12, 2007. The Issuer for this transaction is Tarrant County Housing Finance Corporation with a reservation of allocation that expires on July 8, 2007. The development is new construction and will consist of 198 total units targeting the elderly population, with all units affordable. The site is currently zoned for such a development. The Compliance Status Summary completed on March 21, 2007 reveals that the principals of the general partner have a total of two (2) properties that have been monitored with no material non-compliance. The bond priority for this transaction is:

- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI
(MUST receive 4% Housing Tax Credits)

Census Demographics: The development is to be located at approximately 9000 Crowley Road in Fort Worth. Demographics for the census tract (1110.05) include AMFI of \$60,109; the total population is 4952; the percent of population that is minority is 47.92%; the percent of population that is below the poverty line is 6.84%; the number of owner occupied units is 1249; the number of renter units is 389 and the number of vacant units is 68. The percentage of population that is minority for the entire City of Fort Worth is 40% (Census information from FFIEC Geocoding for 2006).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of \$575,046 in Housing Tax Credits for Home Towne at Matador Ranch.



MULTIFAMILY FINANCE PRODUCTION DIVISION

April 12, 2007

Development Information, Public Input and Board Summary

Home Towne at Matador Ranch, TDHCA Number 07409

BASIC DEVELOPMENT INFORMATION

Site Address: 9000 Block of Crowley Road Development #: 07409
 City: Fort Worth Region: 3 Population Served: Elderly
 County: Tarrant Zip Code: 76134 Allocation: Urban/Exurban
 HOME Set Asides: CHDO Preservation General Purpose/Activity: NC
 Bond Issuer: Tarrant County HFC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition,
 NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner: Home Towne at Matador Ranch, LP
 Owner Contact and Phone: Kenneth W. Fambro (817) 742-1851
 Developer: Integrated Matador Ranch, LP
 Housing General Contractor: Integrated Construction and Development
 Architect: Architettura-Inc.
 Market Analyst: Butler Burgher
 Syndicator: Red Capital Markets, Inc.
 Supportive Services: Comunidad Corporation
 Consultant: Not Utilized

UNIT/BUILDING INFORMATION

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	198	
0	0	0	198	0	82	116	0	0	0	Market Rate Units:	0	
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	198
<input type="checkbox"/> Triplex											Total Development Cost:	\$18,487,363
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	12
<input type="checkbox"/> Detached Residence											HOME High Total Units:	0
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	0
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$575,046	\$575,046	0	0	0%
TDHCA Bond Allocation Amount:	\$0	\$0	0	0	0%
HOME Activity Fund Amount:	\$0	\$0	0	0	0%
HOME CHDO Operating Grant Amount:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION

April 12, 2007

Development Information, Public Input and Board Summary

Home Towne at Matador Ranch, TDHCA Number 07409

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Brimer, District 10 NC US Representative: Barton, District 6, NC
TX Representative: Zedler, District 96 NC US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: NC, Mike Moncrief, Mayor Resolution of Support from Local Government
Dale Fisseler, Assistant City Manager - The planned development is consistent with the City's Consolidated Plan.

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

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance by closing of a revised development team ownership structure that includes a development partner possessing financial resources sufficient to provide the required guarantee during the construction period of this project, and/or a commitment from a construction lender that indicates its guarantee requirement has been fulfilled.

Receipt, review, and acceptance by cost certification of a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F) indicating that the project as proposed is entirely outside of the 100-year flood plain except for the drainage feature referenced in the CLOMR. Should the LOMA or LOMR-F indicate that any portion of the proposed development is within the 100-year flood plain, receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to issuances of 8609s.

Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out.

Receipt, review, and acceptance prior to closing of a noise mitigation plan prepared by a qualified professional. Any revisions to the development plan as a result of the conclusions of such a report should be reevaluated by the Department.

Receipt, review and acceptance prior to closing of a commitment by the contractor to defer fees as necessary.

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



MULTIFAMILY FINANCE PRODUCTION DIVISION

April 12, 2007

Development Information, Public Input and Board Summary

Home Towne at Matador Ranch, TDHCA Number 07409

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	\$575,046
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed \$575,046 annually for ten years, subject to conditions.	
TDHCA Bond Issuance:	Bond Amount:	\$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		



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

REPORT DATE: 04/03/07 PROGRAM: 4% HTC FILE NUMBER: 07409

DEVELOPMENT															
HomeTowne at Matador Ranch															
Location: <u>9000 block of Crowley Road</u>				Region: <u>3</u>											
City: <u>Fort Worth</u>		County: <u>Tarrant</u>		Zip: <u>76134</u>		<input type="checkbox"/> OCT <input type="checkbox"/> DDA									
Key Attributes: <u>New Construction, Multifamily, Elderly, Urban/Exurban</u>															
ALLOCATION															
	REQUEST			RECOMMENDATION											
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term									
Housing Tax Credit (Annual)	\$575,046			\$575,046											
CONDITIONS															
<ol style="list-style-type: none"> 1 Receipt, review, and acceptance by closing of a revised development team ownership structure that includes a development partner possessing financial resources sufficient to provide the required guarantee during the construction period of this project, and/or a commitment from a construction lender that indicates its guarantee requirement has been fulfilled. 2 Receipt, review, and acceptance by cost certification of a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F) indicating that the project as proposed is entirely outside of the 100-year flood plain except for the drainage feature referenced in the CLOMR. Should the LOMA or LOMR-F indicate that any portion of the proposed development is within the 100-year flood plain, receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to issuances of 8609s. 3 Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out. 4 Receipt, review, and acceptance prior to closing of a noise mitigation plan prepared by a qualified professional. Any revisions to the development plan as a result of the conclusions of such a report should be reevaluated by the Department. 5 Receipt, review and acceptance prior to closing of a commitment by the contractor to defer fees as necessary. 6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted. 															
SALIENT ISSUES															
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center; padding: 5px;">TDHCA SET-ASIDES for LURA</th> </tr> <tr> <th style="text-align: center; padding: 5px;">Income Limit</th> <th style="text-align: center; padding: 5px;">Rent Limit</th> <th style="text-align: center; padding: 5px;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">60% of AMI</td> <td style="text-align: center; padding: 5px;">60% of AMI</td> <td style="text-align: center; padding: 5px;">198</td> </tr> </tbody> </table>							TDHCA SET-ASIDES for LURA			Income Limit	Rent Limit	Number of Units	60% of AMI	60% of AMI	198
TDHCA SET-ASIDES for LURA															
Income Limit	Rent Limit	Number of Units													
60% of AMI	60% of AMI	198													

PROS

Substantial investment made by local Housing Authority
 Development meets Department's requirements for feasibility
 Market occupancy rates indicate strong demand for elderly developments

CONS

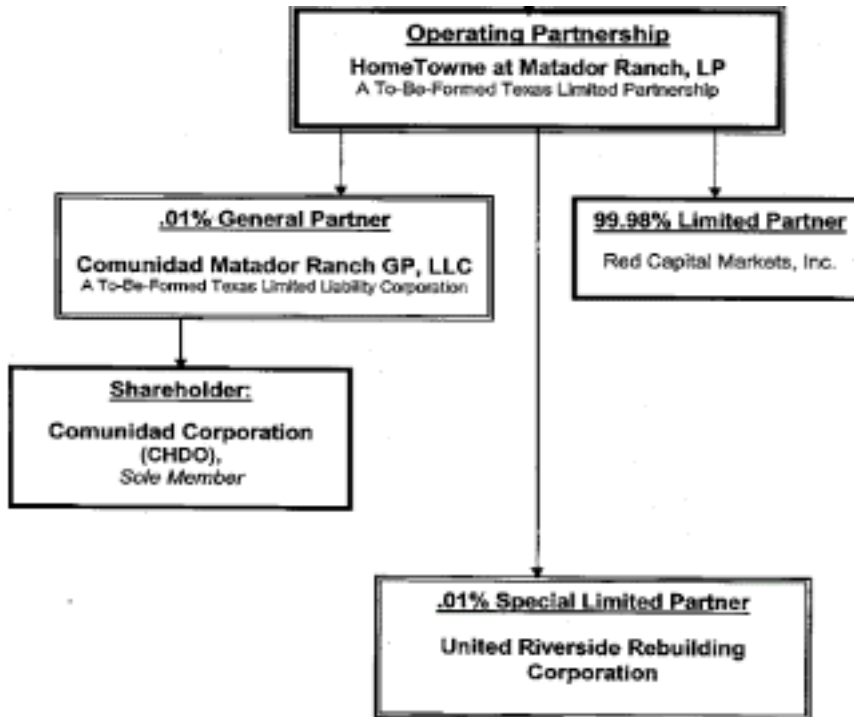
Nonprofit owner of General Partner has limited assets to support the Development
 The Development encroached into the floodplain, as currently defined
 Analysis indicates need for 100% developer fee deferred

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Kenneth W Fambro Phone: (817) 742-1851 Fax: (817) 742-1852
 Email: kfambro@integratedreg.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity ¹	# of Complete Developments
Comunidad Corp	(\$6,000,000)	(\$3,590,347)	

¹ Liquidity = Current Assets - Current Liabilities

Comments:

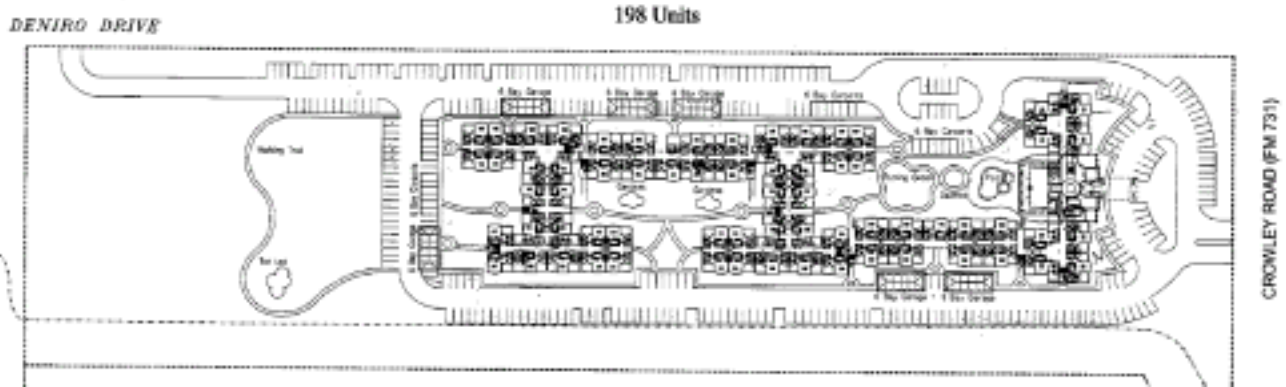
Because of Comunidad Corp's negative net assets and liquidity, the lender may require additional guarantees, and it would be prudent for TDHCA to require that the development team include a partner with the financial resources to provide such a guarantee. Therefore, it is a condition of this report that the Applicant provide a revised development team ownership structure that includes a development partner possessing financial resources sufficient to provide the required guarantee during the construction period of this project, and/or a commitment from a construction lender that indicates its guarantee requirement has been fulfilled.

IDENTITIES of INTEREST

The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments. The owner of the General Partner will also provide a permanent loan to the Applicant funded with the City of Fort Worth's HOME funds.

PROPOSED SITE

SITE PLAN



SITE ISSUES

Total Size:	<u>14.2</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Flood Zone:	<u>Zone X & A</u>	Within 100-yr floodplain?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Zoning:	<u>C/Medium Density Multifamily</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A

Comments:
Floodplain: Based on the information provided, due to a drainage feature a strip of land along the south boundary of the subject site is located within Zone A. The survey appears to indicate that no planned structures will be constructed within the 100-year flood plain. A Conditional Letter of Map Revision (CLOMR) from FEMA was the basis for determining the flood plain boundaries. According to FEMA, a CLOMR "This letter does not revise an effective National Flood Insurance Program map, it indicates whether the project, if built as proposed, would or would not be removed from the Special Flood Hazard Area by FEMA if later submitted as a request for a Letter of Map Revision." As the determination is conditional upon the drainage feature being built as proposed, any changes to the construction of the drainage feature may alter a final flood plain conclusion. Therefore, receipt, review, and acceptance of a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F) indicating that the project as proposed is entirely outside of the 100-year flood plain is a condition of this report.

Should the LOMA of LOMR-F indicate that any portion of the proposed development is within the 100-year flood plain, receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of flood plain reclamation sitework costs, building flood insurance and tenant flood insurance costs prior to issuance of 8609s is a condition of this report.

According to the 2007 QAP, "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 1/10/2007

Overall Assessment:

Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North: single-family East: Crowley Road, single-family
 South: drainage easement, single family West: Sycamore Air Strip, railway

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: QORE, Inc Date: 8/17/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

Noise: A submitted HUD Form 4128 dated August 17, 2006 indicates the site is located "perpendicular to the Sycamore Strip Airport," a private airport and total noise level of 70 dbl is "normally unacceptable," but would be acceptable with proper noise attention.

Other: Small amounts of household and construction debris in the form of soil piles, tires, and brick piles observed on-site should be removed or properly disposed. In the event that buried debris, septic systems, wells, or other subsurface features are encountered during site developments, they should be removed or closed in accordance with applicable regulations.

Comments:

Receipt, review, and acceptance by cost certification of evidence that all Phase I Environmental Site Assessment and subsequent environmental investigation report recommendations have been carried out is a condition of this report. Furthermore, due to the noise level and proximity of the airport, receipt, review, and acceptance of a noise mitigation plan prepared by a qualified professional is a condition of this report. Any revisions to the development plan as a result of the conclusions of such a report should be reevaluated by the Department.

MARKET HIGHLIGHTS

Provider: Butler Burgher, Inc Date: 1/11/2007

Contact: Michelle Braud Phone: (214) 269-0525 Fax: (214) 269-0565

Number of Revisions: 1 Date of Last Applicant Revision: 4/2/2007

Primary Market Area (PMA):

The subject's primary market area is defined as "east of US 377 and South Orient Railroad, south of IH 30 and Rosedale Avenue (US 287), west of the UP Railroad (which is east of IH 35), and north of FM 1187, Altamesa Boulevard, Dirks Road, Lakeside Drive and Winscott Road" (Addendum). This area encompasses approximately 77 square miles and is equivalent to a circle with a radius of five miles.

Secondary Market Area (SMA):

The secondary market is defined as Tarrant County due to the central location of the site relative to the county lines.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Oak Timbers	060038	128	123	N/A			

INCOME LIMITS						
Tarrant						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	\$26,640	\$30,420	\$34,260	\$38,040	\$41,100	\$44,100

OVERALL DEMAND											
		Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER											
Market Analyst	addendum	100%	28,248	100%	28,248	15%	4,277	43%	1,860	30%	558
Underwriter		100%	32,319	100%	32,319	11%	3,675	41%	1,512	30%	454
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst	addendum			100%	1,566	15%	237	43%	100	100%	100
Underwriter				100%	1,299	11%	148	41%	61	100%	61
DEMAND from OTHER SOURCES											
Market Analyst	addendum										658
Underwriter											514

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst	addendum	198	123	0	321	0	48.81%
Underwriter		198	123	0	321	0	62.41%

Primary Market Occupancy Rates:

The stabilized affordable HTC properties in the PMA report average rental rates ranging from \$0.52-\$0.94/SF with stabilized occupancy rates of 91% to 100%. Movement out of rental units has been seen in various areas due to purchases of homes and doubling-up trends. Legacy Senior Residences is the most similar comparable as it is located just northwest of the subject. The property is 100% occupied with a mix of 60% AMI income/rent restrictions and market units" (p. 60). "The only new, affordable senior community in the PMA, Evergreen at Hulen Bend reported occupancy of 97% on 237 units...with no concessions being offered.

Absorption Projections:

Based on market absorption levels for senior-restricted properties, an absorption rate of 8 to 10 units/month (after completion) is reasonable for the subject.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	(60%)	\$652	\$652	\$800	\$652	-\$148
1 BR	850 SF	(60%)	\$652	\$652	\$875	\$652	-\$223
1 BR	858 SF	(60%)	\$652	\$652	\$875	\$652	-\$223
2 BR	1,005 SF	(60%)	\$781	\$781	\$1,020	\$781	-\$239

Market Impact:

Not specifically discussed by Market Analyst.

Comments:

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

The Market Study was amended March 20, 2007 was prepared by Butler Burgher, Inc ("Market Analyst"). The amended study includes an expansion of the Primary Market Area, which is typically of concern for underwriting. However, the Market Analyst successfully demonstrated that a correction to the renter percentage in the original report yields a capture rate that is within the Department's guideline. As a result, the expansion of the PMA does not materially affect staff's recommendation.

The original Market Study assumed a tenure appropriate adjustment rate of 20.79%. Although the Market Analyst chose to adjust the Primary Market Area boundaries, the overall demographics are similar. Applying the more current tenure appropriate adjustment rate of 41.98% to the demand analysis for the original PMA results in an inclusive capture rate of 65%.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 0 Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of January 2, 2007, maintained by the Fort Worth Housing Authority, from the 2007 program gross rent limits. Tenants will be required to pay electric costs.

The Applicant has included secondary income in excess of the Department guideline of \$15 per unit per month. A portion of the additional income is attributed to tenant rental of garages and carports. No additional documentation to support secondary income from these sources was provided; therefore, the Underwriter's Year 1 estimate does not exceed the Department guideline. The Applicant's vacancy and collection loss assumption is in line with current TDHCA guidelines and the resulting effective gross income

Expense: Number of Revisions: 0 Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,202 per unit is within 5% of the Underwriter's estimate of \$4,266, derived from the TDHCA database and third-party data sources. However, the Applicant's projection of administrative expenses appears to be understated by \$22K. In addition, the Applicant understated TDHCA compliance fees.

Conclusion:

The Applicant's effective gross income and total expenses are each within 5% of Underwriter's estimates; however, the Applicant's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's Year 1 proforma is used to determine the development's debt capacity. The Applicant's debt service estimate does not appear to include the Mortgage Insurance Premium (MIP) required by the proposed permanent lender or the proposed HOME-funded loan.

The proforma and estimated primary debt service plus MIP plus secondary debt service result in a debt coverage ratio (DCR) below the current underwriting minimum guideline of 1.15. Therefore, the recommended financing structure reflects a decrease in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income with an adjusted total annual debt service were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	71.9 acres	<u>\$646,803</u>	Tax Year:	<u>2006</u>
1 acre:		<u>\$9,000</u>	Valuation by:	<u>Tarrant CAD</u>
Total: Prorated 14.2 acres		<u>\$127,800</u>	Tax Rate:	<u>3.197277</u>

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract – Unimproved Property Acreage: 14.2
Contract Expiration: 5/28/2007 Valid Through Board Date? Yes No
Acquisition Cost: \$625,000 Other: _____
Seller: Matador Ranch Partners, Ltd Related to Development Team? Yes No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 0 Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$44K per acre or \$3,157 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs of \$7,500 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$883K or 9% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. This suggests that the Applicant's costs are significantly understated. Of note, the costs for construction of the carports and garages were not included in eligible basis.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Underwriter's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$16,290,302 supports annual tax credits of \$588,080. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 3/19/2007

Source: Red Capital Tax Credit Fund Type: Interim Financing

Principal: \$1,095,328 Interest Rate: 5.6% Fixed Term: 24 months

Comments:

The Applicant has indicated a \$1,095,328 bridge loan which will be used to fill a gap in financing during construction.

Source: Fort Worth Housing Department Type: Permanent Financing

Principal: \$650,000 Interest Rate: AFR Fixed Term: 504 months

Comments:

The nonprofit owner of the General Partner will provide a loan to the development. The commitment is conditioned on receipt of HOME funds from the City of Fort Worth. The Applicant failed to include debt service associated with this loan in their proforma.

Issuer: Tarrant County HFC
 Source: Key Bank Real Estate Capital Type: Interim to Permanent Bond Financing
 Tax-Exempt: \$11,598,300 Interest Rate: 5.35% Fixed Term: 480 months
 Comments:

The Applicant failed to include the lender's required Mortgage Insurance Premium (MIP) of 0.45% as a development expense. The underwriting report reflects the lender's rate of 5.35% plus the lender's required MIP.

Source: Red Capital Tax Credit Fund Type: Syndication
 Proceeds: \$5,577,575 Syndication Rate: 97% Anticipated HTC: \$575,046
 Amount: \$661,115 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. Therefore, the current underwriting analysis assumes a decrease in the permanent loan amount to \$10,000,000 based on the terms reflected in the application materials. As a result the development's gap in financing will increase.

The Applicant's total development cost estimate less the revised bond-financed permanent loan of \$10,000,000 and secondary loan of \$650,000 indicates the need for \$7,837,363 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$808,029 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$575,046), the gap-driven amount (\$808,029), and eligible basis-derived estimate (\$588,080), the Applicant's request of \$575,046 is recommended.

The Underwriter's recommended financing structure indicates the need for \$2,259,788 in additional permanent funds. Deferral of 100% of the developer fee in addition to deferred contractor fees or other financing of up to \$163,901 are needed to fill this gap. Total deferrals of this amount do not appear to be repayable from development cashflow within ten years of stabilized operation, but do appear to be repayable within 15 years. Receipt, review and acceptance of a commitment by the contractor to defer fees as necessary is a condition of this report.

Underwriter: _____ Date: _____
Lisa Vecchietti
 Director of Real Estate Analysis: _____ Date: _____
Tom Gouris

MULTIFAMILY COMPARATIVE ANALYSIS

HomeTowne at Matador Ranch, Fort Worth, 4% HTC #07409

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	78	1	1	750	\$713	\$652	\$50,856	\$0.87	\$61.00	\$22.00
TC 60%	2	1	1	850	\$713	\$652	1,304	0.77	61.00	22.00
TC 60%	2	1	1	858	\$713	\$652	1,304	0.76	61.00	22.00
TC 60%	116	2	2	1,005	\$856	\$781	90,596	0.78	75.00	24.00
TOTAL:										
AVERAGE:										
				901		\$728	\$144,060	\$0.81	\$69.20	\$23.17

INCOME Total Net Rentable Sq Ft: **178,496**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

TDHCA	APPLICANT
\$1,728,720	\$1,728,720
35,640	49,488
0	23,040
\$1,764,360	\$1,801,248
(132,327)	(135,096)
0	0
\$1,632,033	\$1,666,152

COUNTY	IREM REGION	COMPT. REGION
Tarrant	Fort Worth	3
\$20.83	Per Unit Per Month	
\$9.70	Per Unit Per Month	
-7.50%	of Potential Gross Income	

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.46%	\$367	0.41
Management	3.70%	305	0.34
Payroll & Payroll Tax	11.31%	932	1.03
Repairs & Maintenance	4.81%	396	0.44
Utilities	2.52%	208	0.23
Water, Sewer, & Trash	3.37%	278	0.31
Property Insurance	3.48%	287	0.32
Property Tax 3.197277	13.58%	1,119	1.24
Reserve for Replacements	3.03%	250	0.28
TDHCA Compliance Fees	0.49%	40	0.04
Supp serv & security	1.03%	85	0.09
TOTAL EXPENSES	51.76%	\$4,266	\$4.73
NET OPERATING INC	48.24%	\$3,976	\$4.41

TDHCA	APPLICANT
\$72,711	\$51,067
60,348	66,646
184,507	183,843
78,462	79,120
41,106	39,236
55,056	64,942
56,759	49,104
221,571	225,000
49,500	49,500
7,920	6,720
16,780	16,780
\$844,720	\$831,958
\$787,313	\$834,194

PER SQ FT	PER UNIT	% OF EGI
\$0.29	\$258	3.06%
0.37	337	4.00%
1.03	929	11.03%
0.44	400	4.75%
0.22	198	2.35%
0.36	328	3.90%
0.28	248	2.95%
1.26	1,136	13.50%
0.28	250	2.97%
0.04	34	0.40%
0.09	85	1.01%
\$4.66	\$4,202	49.93%
\$4.67	\$4,213	50.07%

DEBT SERVICE

First Lien Mortgage	43.12%	\$3,554	\$3.94
Additional Financing	2.16%	\$178	\$0.20
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	2.97%	\$245	\$0.27

AGGREGATE DEBT COVERAGE RATIO 1.07

RECOMMENDED DEBT COVERAGE RATIO 1.15

\$703,697	\$703,697
35,192	0
0	0
\$48,424	\$130,497
1.07	1.19
1.15	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		3.23%	\$3,157	\$3.50
Off-Sites		0.00%	0	0.00
Sitework		7.67%	7,500	8.32
Direct Construction		51.13%	50,025	55.49
Contingency 4.61%		2.71%	2,653	2.94
Contractor's Fees 12.91%		7.59%	7,429	8.24
Indirect Construction		3.54%	3,465	3.84
Ineligible Costs		5.19%	5,076	5.63
Developer's Fees 13.90%		10.82%	10,585	11.74
Interim Financing		5.19%	5,076	5.63
Reserves		2.93%	2,863	3.18
TOTAL COST		100.00%	\$97,830	\$108.52
Construction Cost Recap		69.11%	\$67,607	\$74.99

TDHCA	APPLICANT
\$625,000	\$625,000
0	0
1,485,000	1,485,000
9,904,858	9,021,898
525,345	525,345
1,470,966	1,470,966
686,130	686,130
1,005,144	1,005,144
2,095,887	2,095,887
1,005,076	1,005,076
566,917	566,917
\$19,370,323	\$18,487,363
\$13,386,169	\$12,503,209

PER SQ FT	PER UNIT	% of TOTAL
\$3.50	\$3,157	3.38%
0.00	0	0.00%
8.32	7,500	8.03%
50.54	45,565	48.80%
2.94	2,653	2.84%
8.24	7,429	7.96%
3.84	3,465	3.71%
5.63	5,076	5.44%
11.74	10,585	11.34%
5.63	5,076	5.44%
3.18	2,863	3.07%
\$103.57	\$93,371	100.00%
\$70.05	\$63,148	67.63%

SOURCES OF FUNDS

First Lien Mortgage	59.88%	\$58,577	\$64.98
Additional Financing	3.36%	\$3,283	\$3.64
HTC Syndication Proceeds	28.80%	\$28,171	\$31.25
Deferred Developer Fees	3.41%	\$3,339	\$3.70
Additional (Excess) Funds Req'd	4.56%	\$4,459	\$4.95
TOTAL SOURCES			

TDHCA	APPLICANT	RECOMMENDED	
\$11,598,300	\$11,598,300	\$10,000,000	Developer Fee Available
650,000	650,000	650,000	\$2,095,887
5,577,948	5,577,948	5,577,948	% of Dev. Fee Deferred
661,115	661,115	661,115	32%
882,960	0	1,598,300	15-Yr Cumulative Cash Flow
\$19,370,323	\$18,487,363	\$18,487,363	\$0

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

HomeTowne at Matador Ranch, Fort Worth, 4% HTC #07409

DIRECT CONSTRUCTION COST ESTIMATE

*Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$52.23	\$9,323,429
Adjustments				
Exterior Wall Finish	5.20%		\$2.72	\$484,818
9-Ft. Ceilings	3.65%		1.91	340,305
Elderly	3.00%		1.57	279,703
Subfloor			(0.75)	(133,277)
Floor Cover			2.22	396,261
Porches/Balconies	\$20.33	4,797	0.55	97,523
Plumbing	\$805	348	1.57	280,140
Built-In Appliances	\$1,850	198	2.05	366,300
Exterior Stairs	\$1,800	40	0.40	72,000
Open Corridors	\$20.33	42098	4.79	855,861
Heating/Cooling			1.73	308,798
Elevators	\$52,750	6	1.77	316,500
Comm &/or Aux Bldgs	\$42.07	10,429	2.46	438,691
Other: fire sprinkler	\$1.95	220,594	2.41	430,159
SUBTOTAL			77.63	13,857,212
Current Cost Multiplier	0.98		(1.55)	(277,144)
Local Multiplier	0.90		(7.76)	(1,385,721)
TOTAL DIRECT CONSTRUCTION COSTS			\$68.32	\$12,194,346
Plans, specs, survy, bid prr	3.90%		(\$2.66)	(\$475,580)
Interim Construction Interest	3.38%		(2.31)	(411,559)
Contractor's OH & Profit	11.50%		(7.86)	(1,402,350)
NET DIRECT CONSTRUCTION COSTS			\$55.49	\$9,904,858

PAYMENT COMPUTATION

Primary	\$11,598,300	Amort	480
Int Rate	5.35%	DCR	1.12

Secondary	\$650,000	Amort	504
Int Rate	4.64%	Subtotal DCR	1.07

Additional	\$5,577,948	Amort	
Int Rate		Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$606,724
Secondary Debt Service	35,192
Mortgage Insurance Premium	45,000
NET CASH FLOW	\$100,397

Primary	\$10,000,000	Amort	480
Int Rate	5.35%	DCR	1.30

Secondary	\$650,000	Amort	504
Int Rate	4.64%	Subtotal DCR	1.23

Additional	\$5,577,948	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

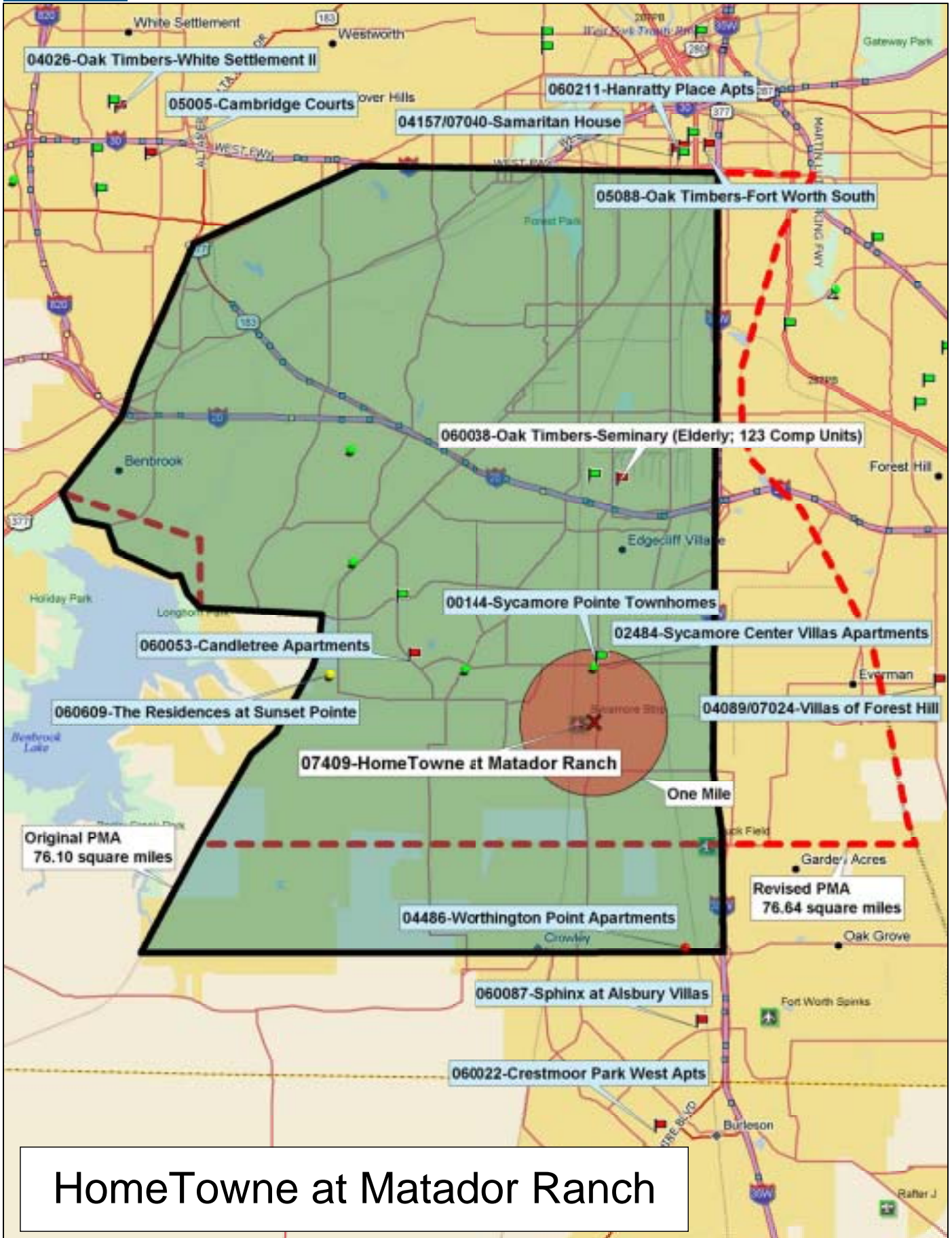
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,728,720	\$1,780,582	\$1,833,999	\$1,889,019	\$1,945,690	\$2,255,587	\$2,614,844	\$3,031,321	\$4,073,842
Secondary Income	35,640	36,709	37,810	38,945	40,113	46,502	53,909	62,495	83,988
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,764,360	1,817,291	1,871,810	1,927,964	1,985,803	2,302,090	2,668,753	3,093,816	4,157,830
Vacancy & Collection Loss	(132,327)	(136,297)	(140,386)	(144,597)	(148,935)	(172,657)	(200,156)	(232,036)	(311,837)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,632,033	\$1,680,994	\$1,731,424	\$1,783,367	\$1,836,868	\$2,129,433	\$2,468,596	\$2,861,780	\$3,845,993
EXPENSES at 4.00%									
General & Administrative	\$72,711	\$75,619	\$78,644	\$81,789	\$85,061	\$103,490	\$125,911	\$153,190	\$226,759
Management	60,348	62,158	64,023	65,944	67,922	78,740	91,281	105,820	142,213
Payroll & Payroll Tax	184,507	191,887	199,563	207,545	215,847	262,611	319,506	388,728	575,413
Repairs & Maintenance	78,462	81,601	84,865	88,259	91,790	111,676	135,871	165,308	244,696
Utilities	41,106	42,750	44,460	46,239	48,088	58,507	71,182	86,604	128,195
Water, Sewer & Trash	55,056	57,258	59,549	61,931	64,408	78,362	95,339	115,995	171,700
Insurance	56,759	59,030	61,391	63,847	66,401	80,786	98,289	119,584	177,013
Property Tax	221,571	230,434	239,652	249,238	259,207	315,365	383,690	466,817	691,004
Reserve for Replacements	49,500	51,480	53,539	55,681	57,908	70,454	85,718	104,289	154,373
Other	16,780	17,451	18,149	18,875	19,630	23,883	29,058	35,353	52,331
TOTAL EXPENSES	\$844,720	\$869,669	\$903,834	\$939,347	\$976,261	\$1,183,874	\$1,435,846	\$1,741,688	\$2,563,698
NET OPERATING INCOME	\$787,313	\$811,325	\$827,590	\$844,020	\$860,606	\$945,559	\$1,032,751	\$1,120,092	\$1,282,295
DEBT SERVICE									
First Lien Financing	\$606,724	\$606,724	\$606,724	\$606,724	\$606,724	\$606,724	\$606,724	\$606,724	\$606,724
Second Lien	35,192	35,192	35,192	35,192	35,192	35,192	35,192	35,192	35,192
Other Financing	45,000	44,669	44,320	43,952	43,564	41,279	38,295	34,399	22,664
NET CASH FLOW	\$100,397	\$124,740	\$141,354	\$158,151	\$175,126	\$262,364	\$352,539	\$443,777	\$617,715
DEBT COVERAGE RATIO	1.15	1.18	1.21	1.23	1.26	1.38	1.52	1.66	1.93

HTC ALLOCATION ANALYSIS -HomeTowne at Matador Ranch, Fort Worth, 4% HTC #07409

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$625,000	\$625,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$1,485,000	\$1,485,000	\$1,485,000	\$1,485,000
Construction Hard Costs	\$9,021,898	\$9,904,858	\$9,021,898	\$9,904,858
Contractor Fees	\$1,470,966	\$1,470,966	\$1,470,966	\$1,470,966
Contingencies	\$525,345	\$525,345	\$525,345	\$525,345
Eligible Indirect Fees	\$686,130	\$686,130	\$686,130	\$686,130
Eligible Financing Fees	\$1,005,076	\$1,005,076	\$1,005,076	\$1,005,076
All Ineligible Costs	\$1,005,144	\$1,005,144		
Developer Fees				
Developer Fees	\$2,095,887	\$2,095,887	\$2,095,887	\$2,095,887
Development Reserves	\$566,917	\$566,917		
TOTAL DEVELOPMENT COSTS	\$18,487,363	\$19,370,323	\$16,290,302	\$17,173,262

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$16,290,302	\$17,173,262
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			\$16,290,302	\$17,173,262
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$16,290,302	\$17,173,262
Applicable Percentage			3.61%	3.61%
TOTAL AMOUNT OF TAX CREDITS			\$588,080	\$619,955

Syndication Proceeds	0.9699	\$5,703,995	\$6,013,161
Total Tax Credits (Eligible Basis Method)		\$588,080	\$619,955
Syndication Proceeds		\$5,703,995	\$6,013,161
Requested Tax Credits		\$575,046	
Syndication Proceeds		\$5,577,575	
Gap of Syndication Proceeds Needed		\$7,837,363	
Total Tax Credits (Gap Method)		\$808,029	

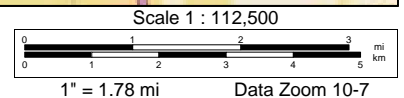


HomeTowne at Matador Ranch

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Applicant Evaluation

Project ID # **07409**

Name: **HomeTowne at Matador Ranch**

City: **Fort Worth**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other
 No Previous Participation in Texas Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 2

Projects zero to nine: 2
 grouped ten to nineteen: 0
 by score twenty to twenty-nine: 0

Projects in Material Noncompliance

Yes No

in noncompliance: 0

monitored with a score less than thirty: 2

not yet monitored or pending review: 1

Projects not reported Yes
 in application No

of projects not reported 0

Portfolio Monitoring

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Single Audit

Not applicable
 Review pending
 No unresolved issues
 Issues found regarding late cert
 Issues found regarding late audit
 Unresolved issues found that warrant disqualification
 (Comments attached)

Portfolio Analysis

Not applicable
 No unresolved issues
 Not current on set-ups
 Not current on draws
 Not current on match

Reviewed by Patricia Murphy

Date 3/21/2007

Multifamily Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Reviewer S. Roth
 Date 3/21/2007

Single Family Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Reviewer M. Tynan
 Date 3/21/2007

Real Estate Analysis (Workout)

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Reviewer David Burrell
 Date 3/27/2007

Community Affairs

No relationship
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Reviewer EEF
 Date 3/23/2007

Office of Colonia Initiatives

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification
 (Comments attached)

Reviewer RAUL GONZALES
 Date 3/21/2007

Financial Administration

No delinquencies found
 Delinquencies found

Reviewer Melissa M. Whitehead
 Date 3/28/2007

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, discussion and possible approval of requests for amendments to Community Development Block Grant (CDBG) contracts.

Requested Action

Approve or deny the requests for amendments related to housing contracts under the CDBG Disaster Recovery Program.

Background

The U. S. Department of Housing and Urban Development approved the State of Texas Action Plan (Action Plan) related to the *CDBG Disaster Recovery Funds to Areas Most Impacted & Distressed by Hurricane Rita* specifically states that contract amendments that vary more than 5% must be approved by the TDHCA Board.

Deep East Texas Council of Governments (DETCOG) Contract Number C060002

Summary of Request

DETCOG is requesting to transfer \$2,170,531 from the emergency repair budget category to the reconstruction budget category. This change is requested because more than a year has passed since the date of the storm and during that time the emergency repair needs of the region have been substantially met by other funding sources available to DETCOG. In addition, due to the length of time that has passed since the storm, further deterioration to hurricane damaged homes has occurred, resulting in a greater need for reconstructed units.

Budget

	Original	Requested	Change	Percent Change
Emergency Repair	\$2,170,531	\$0	(\$2,170,531)	(100.0)%
Reconstruction	\$300,000	\$2,470,531	\$2,170,531	87.9%

Beneficiaries

	Original Beneficiaries	Requested	Change	Percent Change
Emergency Repair	804*	0	(804)	(100)%
Reconstruction	16*	119	103	86.6%

* average household size 2.7 persons

Households

	Original Household	Requested	Change	Percent Change
Emergency Repair	300	0	(300)	(100)%
Reconstruction	6	48	42	87.5%

Although there is a significant decrease in the number of beneficiaries to be served under the CDBG Program, these beneficiaries are being served under another DETCOG funding source to address the emergency and minor repair needs of the region. DETCOG has identified 68 homes that are potentially in need of replacement; however this change will only provide funding for a minimum of 48 homes to be reconstructed.

Requested Action

Approve or deny the request to move \$2,170,531 from the emergency repair budget category to the reconstruction budget. The required beneficiary and households to be assisted will also be modified in the amendment according to the table above.

South East Texas Regional Planning Commission (SETRPC) Contract Number C060003

Summary of Request

SETRPC is requesting to transfer 5% or \$690,000 from direct services to planning/project delivery and is requesting to transfer \$300,000 from planning/project delivery to general administration. For administrative efficiency, the request is being handled in one transaction that will transfer \$300,000 from direct services into general administration and \$390,000 from direct services into planning/project delivery.

SETRPC originally budgeted approximately \$690,000 of planning/project delivery costs in the direct services line item totaling \$24,000,000. These funds would cover soft costs activities completed by

SETRPC subcontractors such as work write-ups, costs estimates and bid packages; assisting SETRPC with advertising, recruiting, reviewing and procuring contractors; conducting inspections of assisted housing units for quality assurance; and creating plans and specifications for housing units that will be reconstructed. SETRPC advertised for a competent management/consulting firm or individual to assist in providing these services in January 2007. As a result of bids received, SETRPC determined that there are insufficient funds in the planning/project delivery line item to cover these costs without transferring funds from direct services, where they were originally budgeted.

In addition, SETRPC has identified costs that were originally budgeted to be charged to planning/project delivery that should be charged to general administration; therefore SETRPC is requesting to transfer funds totaling \$300,000 accordingly.

This amendment request will reappropriate costs originally budgeted by SETRPC to the correct expense categories. Since costs associated with this request were budgeted by SETRPC to be part of direct services and planning/project delivery, there will not be a corresponding reduction in beneficiaries.

SETRPC has stated that they will be able to immediately go forward with placing homes out for bid and to begin construction work if this amendment is approved.

Budget

	Original	Requested	Change	Percent Change
Emergency Repair	\$5,000,000	\$4,750,000	(\$250,000)	(5.0)%
Rehabilitation	\$4,290,000	\$4,075,500	(\$214,500)	(5.0)%
Reconstruction	\$4,125,000	\$3,918,750	(\$206,250)	(5.0)%
Demolition	\$385,000	\$365,750	(\$19,250)	(5.0)%
Planning/Project Delivery	\$1,648,241	\$2,038,241	\$390,000	24.0%
General Administration	\$340,295	\$640,295	\$300,000	88.0%

Project Deliverables

	Maximum/ Activity	Original Beneficiaries	Requested Beneficiaries	Change	Percent Change
Emergency Repair	\$25,000	1,549	1,549	0	0.0%
Rehabilitation	\$65,000	274	274	0	0.0%
Reconstruction	\$135,000	70	70	0	0.0%
Demolition	\$5,000	327 lots	327 lots	0	0.0%

Requested Action

Approve or deny the request to transfer \$690,000 from direct services to general administration in the amount of \$300,000 and to planning/project delivery in the amount of \$390,000. The number of beneficiaries and households served are not being decreased according to SETRPC.

CDBG DISASTER RECOVERY PROGRAM

VERBAL UPDATE

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

April 12, 2007

Action Items

Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Starr County through Community Development Block Grant (CDBG) Funding.

Required Action

Approve or deny the Colonia SHC Program award recommendation to Starr County.

Background

Colonia Self-Help Centers Program

The Colonia Self-Help Centers (SHC) were created by Acts of the 74th Legislature of the state of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area the department has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, the Texas Department of Housing and Community Affairs (TDHCA) has established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA determines it necessary and appropriate, the legislation allows for Colonia SHCs to be established in any other county if the county is designated as an economically distressed area under Chapter 17 of the Water Code. In 2001, the Department opened two additional centers in Maverick and Val Verde Counties to address the needs in those locations.

On February 1, 2007, the TDHCA Governing Board approved the first edition of the Colonia SHC Program Rules. The purpose of the rules was to make the program more transparent, reflect the self-help concepts of the enabling legislation and facilitate the completion of SHC activities within the original contract period. The development of program rules has led to a more structured and uniform funding proposal process.

TDHCA will allocate no more than \$1.2 million per Colonia SHC contract. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with a contract utilizing the next year's funding allocation.

According to statute, it is the responsibility of TDHCA to designate a geographic area for the services provided by each SHC. In consultation with the Colonia Resident Advisory Committee (C-RAC) and the county, TDHCA will designate 5 colonias in each service area to receive concentrated attention from that SHC. The purpose of the C-RAC is to advise the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs and activities that may be undertaken to better serve colonia residents. The county submitting a funding proposal is required to conduct and submit a needs assessment for each colonia designated to receive that concentrated attention in the proposal. Based on the results of the assessments, the county must develop a scope of work to be conducted for each colonia. The scope of work will be outlined in a funding proposal and these proposals will be formally presented to C-RAC (before the 30th day preceding the date on which a

contract is scheduled to be awarded by the Board as required by Section 2306.585 (b) of the enabling legislation) to receive their comments and suggestions in fulfillment of C-RAC's obligation to the Board. On March 13, 2007, a C-RAC meeting was conducted for this purpose in Rio Grande City, Texas.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$2.2 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the state of Texas. The management of CDBG funds is dictated through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA), which receives the allocation from the US Department of Housing and Urban Development (HUD), and TDHCA. The Colonia SHC contracts are four-year contracts as specified by legislation; however, if contractor localities are able to complete all contractual requirements before the expiration of the four-year contract period, they may go ahead and submit a proposal for a new contract. Proposals for new funding will be placed on a first-come, first-serve waiting list until there is sufficient funding available. Total administration is capped at the CDBG maximum of 20% of the contract amount regardless of whether or not it takes a full four years to complete all contract activities, which provides an incentive for the counties to complete the contracts ahead of schedule. Please note, however, that administrative funds are only reimbursed for actual administrative time spent on SHC activities. Administrators can never be reimbursed for work they did not do even if all contractual activities are completed before the expiration of the contract period and administrative funds remain in the budget.

Colonia SHC Award Descriptions

Starr County

CDBG funds for the various activities and purposes of a Colonia SHC can only be awarded to a unit of local government; therefore, the Colonia SHC contract is between TDHCA and the respective county. As the county bears the principal responsibility for the completion of the terms of the contract, the Department encourages the participation of the county in the administration of the SHC to the greatest extent possible. Starr County staff will administer the Starr County Colonia SHC. There are currently five full time employees at the center. Starr County will also subcontract with local nonprofits to provide non-administrative services and deliverables of the contract such as residential rehabilitation and construction classes. This will be Starr County's third Colonia SHC contract.

Contractor: Starr County
Contact: The Honorable Eloy Vera
Address: Starr County Courthouse
 Rio Grande City, Texas 78582

Purpose of Contract: The County of Starr shall provide housing and community development to the following colonias: Casita/Garciasville, Camargito, La Puerta, Refugio, and West Alto Bonito. The county proposes to do the following housing and community development activities:

Performance activity	Proposed	Budget
Public Service		\$119,000.00

▪ Construction skill training sessions	10	\$10,920.00
▪ Outreach activities	6	\$3,000.00
▪ Tool Lending Library Program	1	\$48,000.00
▪ Tutoring and Educational Program	5	\$50,000.00
▪ Solid Waste Removal Program	5	\$7,080.00
Rehabilitation		\$841,000.00
▪ Residential Rehabilitation (homes)	50	\$625,000.00
▪ Self-Help Home Repair Program (homes)	90	\$216,000.00
Administration		\$240,000.00
Total		\$1,200,000.00

The Colonia SHC contract will benefit eight thousand twenty-four (8,024) colonia residents.

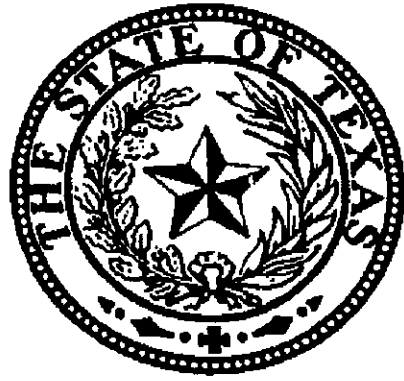
Starr County's Past Performance

Starr County successfully completed the project activities of their previous contract. The most recent prior contract expired on February 17, 2007. The county has submitted the close-out package for review and approval of TDHCA; monitoring and contract closure are pending.

Recommendation

Approval of Colonia SHC funding award to Starr County for the operation of the Starr County Colonia SHC in the amount as described below.

<u>NAME</u>	<u>AMOUNT</u>
Starr County	\$1,200,000.00



Starr County Self Help Center

Proposal



Table of Contents

Section I.	Introduction
Section II.	Description of Colonias
Section III.	Maps
Section IV.	Project Summary
Section V.	Exhibit A Performance Statement
Section VI.	Statement of Work
Section VIII.	Result Envisioned
Section IX.	Proposed Budget
Section X.	Partner Agencies
Section XL.	Resolution
Section XII.	Public Hearing



Introduction

Starr County is strategically located in the Rio Grande Valley on the north side of the Rio Grande River and is the International boundary between the United States and Mexico. Like many other counties and cities that border our neighboring Mexico, Starr County has long-established communities (colonias) that are below the average livable standard ascertained by U.S. Legislature.

For several years now, Starr County has been instrumental in its efforts throughout the colonias to bring about community development and infrastructure that meets quality standards determined by federal and state agencies. The county has worked extensively to provide the support, work force, and funds needed to improve conditions and enhance the quality of life for colonia residents. The majority of improvements have been experienced in areas where homeowners and their families are of low to very low income.

We are determined to re-establish environmental guidelines, rules, and boundaries within several colonias where development has begun and is on going. Currently we are seeking to repair and restore the following five {5} Colonias 1) ***Casita/ Garciasville***, 2) ***Camargito***, 3) ***La Puerta 1&2***, 4) ***Refugio***, and 5) ***West Alto Bonito***.

A Comprehensive Colonia Study and Plan was performed by Wilbur Smith Associates, UTPA Data & Information Systems Center, and Melden & Hunt Engineering to determine the locations and assess conditions of the colonias. This study has identified approximately 224 colonias within the County of Starr, all of which are in need of assistance. Each colonia is recognized as having been developed prior to rules and laws being set and enforced to help combat and eliminate such conditions, therefore those colonias and surrounding environments would benefit greatly from the proposed solutions aimed at correcting the current issues. The Study further documents the disastrous conditions of the targeted areas and shows the homes to be classified as dilapidated (uninhabitable), deteriorated (substandard, major repair needed), standard and/or under construction. Of the 569 homes evaluated, the study illustrates that 226 homes have been classified as dilapidated or substandard.

Description of Colonias

Scope of Work

Casita/ Garciasville Total Dwellings	<u>28</u>
# Dwellings in Sub-standard or Deteriorated	<u>3</u>
# Dwellings in Dilapidated or Obsolete	<u>7</u>

Results: The County has worked to construct new or replacement of inadequate waterlines, adequate sewer collection and treatment facilities, Roadway and Paving Improvements.

Recommendation:

Housing rehabilitation of ten (10) deteriorated and dilapidated homes. The Contractor shall sub-contract to bring these housing units into compliance with HUD Colonia Housing Standards.

Camargito: Total Dwellings	<u>91</u>
# Dwellings in Sub-standard or Deteriorated	<u>32</u>
# Dwellings in Dilapidated or Obsolete	<u>13</u>

Results: The County is working to construct new or replacement of inadequate waterlines, adequate sewer collection and treatment facilities, Roadway and Paving Improvements.

Recommendation:

Housing rehabilitation of ten (10) deteriorated and dilapidated homes. The Contractor shall contract with a Non-Profit to bring these housing units into compliance with HUD Colonia Housing Standards.

La Puerta 1&2: Total Dwellings	<u>210</u>
# Dwellings in Sub-standard or Deteriorated	<u>43</u>
# Dwellings in Dilapidated or Obsolete	<u>33</u>

Results: The County has worked to construct new or replacement of inadequate waterlines, adequate sewer collection and treatment facilities, Roadway and Paving Improvements.

Recommendation:

Housing rehabilitation of ten (10) deteriorated and dilapidated homes. The Contractor shall contract with a Non-Profit to bring these housing units into compliance with HUD Colonia Housing Standards.

Description of Colonias Continued

Scope of Work

Refugio:	Total Dwellings	<u>54</u>
	#Dwellings in Sub-standard or Deteriorated	<u>16</u>
	# Dwellings in Dilapidated or Obsolete	<u>5</u>

Results: The County has worked to construct new or replacement of inadequate waterlines, adequate sewer collection and treatment facilities, Roadway and Paving Improvements.

Recommendation:

Housing rehabilitation of ten (10) deteriorated and dilapidated homes. The Contractor shall contract with a Non-Profit to bring these housing units into compliance with HUD Colonia Housing Standards.

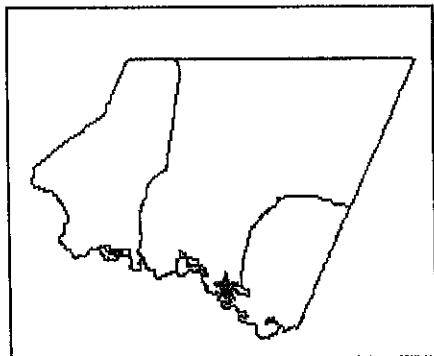
West Alto Bonito:	Total Dwellings	<u>174</u>
	#Dwellings in Sub-standard or Deteriorated	<u>41</u>
	# Dwellings in Dilapidated or Obsolete	<u>35</u>

Results: The County has worked to construct new or replacement of inadequate waterlines, adequate sewer collection and treatment facilities, Roadway and Paving Improvements.

Recommendation:

Housing rehabilitation of ten (10) deteriorated and dilapidated homes. The Contractor shall contract with a Non-Profit to bring these housing units into compliance with HUD Colonia Housing Standards.

(See attached Area Maps)



La Casita

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



200 0 200 400 600 800 Feet



80 0 80 160 240 320 Meters



Wilbur Smith Associates
UT-PA Data & Information Systems Center
Melden & Hunt

FINANCED THROUGH DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS OF THE STATE OF TEXAS. The preparation of this document was financed through provisions of a Texas Community Program Grant from the United States Department of Housing and Urban Development.

La Casita

Colonia Number 89

Starr County Precinct # 3

Location

Located 5 miles east of Rio Grande City in La Casita on the intersection between Hwy 83 and Ranch Road 1430.

Number of Lots:	40
Current Population:	70
Number of Occupied Dwellings Units:	18

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$220,000
Water	\$81,945
Wastewater	\$0
Streets and Drainage	\$31,267
Total	<u>\$333,212</u>



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: La Casita (Number 89) **PRIORITY:** Medium High
County Starr **Census Tract(s)** 9504 **Block Group(s):** 2 **Flood Zone(s)** A

Location: Located 5 miles east of Rio Grande City in La Casita on the intersection between Hwy 83 and Ranch Road 1430.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: _____ **Map Number:** 89

Description: The colonia consists of a fairly high number of dilapidated structures that are under construction..

POPULATION:

Current Estimated Colonia Population:	<u>70</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 40
Occupied Lots: 36 **% Occupied:** 90
Vacant Lots: 4 **% Vacant:** 10
Recording Information: N/A

HOUSING:

Dwellings

Total # of Dwellings:	<u>28</u>	% Occupied:	<u>64</u>
# Occupied Dwellings:	<u>18</u>	% Vacant:	<u>36</u>
# Vacant Dwellings:	<u>10</u>		
# Non-residential Structures	<u>3</u>		
# Dwellings in Standard Condition:	<u>13</u>	% Standard:	<u>46</u>
# Dwellings in Sub-standard or Deteriorated C	<u>3</u>	% Sub-standard:	<u>11</u>
# Dwellings in Dilapidated or Obsolete Condiiti	<u>7</u>	% Dilapidated:	<u>25</u>
# Dwellings under Construction:	<u>5</u>	% Under Const:	<u>18</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 10
Estimated Housing Rehabilitation Costs: \$220,000

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 40
 Estimated Cost for Complete Water Distribution System: \$61,945
 Estimated Cost of Water Connections: \$20,000
 Total Estimated cost of Water Distribution System: \$81,945

SEWER SERVICE

Sewer Service Collection: Y Sewer Collector _____
 # Sewer Service Connections needed: 0
 Estimated Cost of Complete Sewer Collection System: \$0
 Estimated Cost of Sewer Connections: \$0
 Total Estimated cost of Sewer Collection System: \$0

STREETS:

Total Linear Feet of Roads: 4765 Total Linear Feet Paved: 0

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	Bionas Street	335	40 FT	20	No	F	\$31,267
2	Ranch Road 1430	4430	90 FT	21	No	F	
Total Estimated Cost of Street Improvements (Includes Drainage)							<u>\$31,267</u>

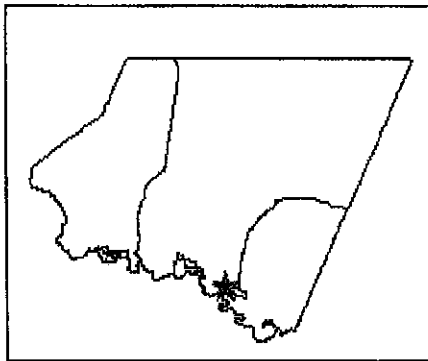
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
TDHCA	713135/ 714185	Sewer/housing	\$1,000,000	100%	

NOTES:



Camargito

Comprehensive Colonias Study And Plan

**Starr County, Texas
1999**



200 0 200 400 Feet



80 0 80 160 Meters



**Wilbur Smith Associates
UT-PA Data & Information Systems Center
Melden & Hunt**

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Camargito

Colonia Number 16

Starr County Precinct # 3

Location

Located 5 miles east of Rio Grande City in La Casita on the intersection between Hwy 83 and Francisco B. Chappa Jr.

Number of Lots:	97
Current Population:	300
Number of Occupied Dwellings Units:	77

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$805,000
Water	\$124,095
Wastewater	\$188,085
Streets and Drainage	\$340,413
Total	<u>\$1,457,593</u>



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: Camargito (Number 16) **PRIORITY:** High

County Starr **Census Tract(s)** 9501 **Block Group(s):** 4 **Flood Zone(s)** C

Location: Located 5 miles east of Rio Grande City in La Casita on the intersection between Hwy 83 and Francisco B. Chappa Jr.

School District Rio Grande City ISD **Precinct No.:** 3

Texas Water Development Board Colonia ID#: _____ **Map Number:** 16

Description: The majority of the structures in the colonia are occupied structures in standard of substandard conditions. A few structures are dilapidated.

POPULATION:

Current Estimated Colonia Population:	<u>300</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted:	<u>N</u>	# Lots:	<u>97</u>
# Occupied Lots:	<u>94</u>	% Occupied:	<u>97</u>
# Vacant Lots:	<u>3</u>	% Vacant:	<u>3</u>
Recording Information:	<u>Not Recorded</u>		

HOUSING:

Dwellings			
Total # of Dwellings:	<u>91</u>	% Occupied:	<u>85</u>
# Occupied Dwellings:	<u>77</u>	% Vacant:	<u>15</u>
# Vacant Dwellings:	<u>14</u>		
# Non-residential Structures	<u>3</u>		
# Dwellings in Standard Condition:	<u>46</u>	% Standard:	<u>51</u>
# Dwellings in Sub-standard or Deteriorated C	<u>32</u>	% Sub-standard:	<u>35</u>
# Dwellings in Dilapidated or Obsolete Conditii	<u>13</u>	% Dilapidated:	<u>14</u>
# Dwellings under Construction:	<u>0</u>	% Under Const:	<u>0</u>
		Total %:	<u>100</u>
# Housing Rehabilitation Candidates:	<u>45</u>		
Estimated Housing Rehabilitation Costs:	<u>\$805,000</u>		

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 97
 Estimated Cost for Complete Water Distribution System: \$75,595
 Estimated Cost of Water Connections: \$48,500
 Total Estimated cost of Water Distribution System: \$124,095

SEWER SERVICE

Sewer Service Collection: N Sewer Collector N/A
 # Sewer Service Connections needed: 97
 Estimated Cost of Complete Sewer Collection System: \$110,485
 Estimated Cost of Sewer Connections: \$77,600
 Total Estimated cost of Sewer Collection System: \$188,085

STREETS:

Total Linear Feet of Roads: 5815 Total Linear Feet Paved: 5094

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	High Hill Street	322	30 FT	20	Yes	P	\$25,760
2	El Paco Street	721	30 FT	20	No	P	\$67,293
3	Francisco B. Chapa Jr. Street	546	30 FT	20	Yes	P	\$43,680
4	Agira Street	876	30 FT	20	Yes	P	\$70,080
5	Arroyo Street	275	30 FT	16	Yes	P	\$22,000
6	Buffel Street	1395	30 FT	20	Yes	P	\$111,600
7	US 83 Loop*	1680	100		Yes	G	

Total Estimated Cost of Street Improvements (Includes Drainage) \$340,413

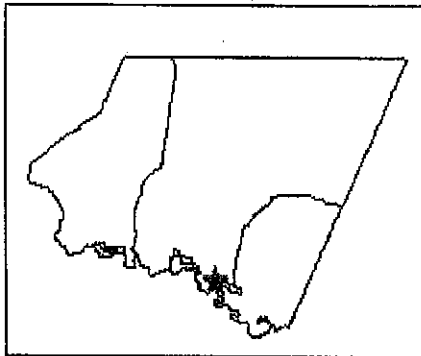
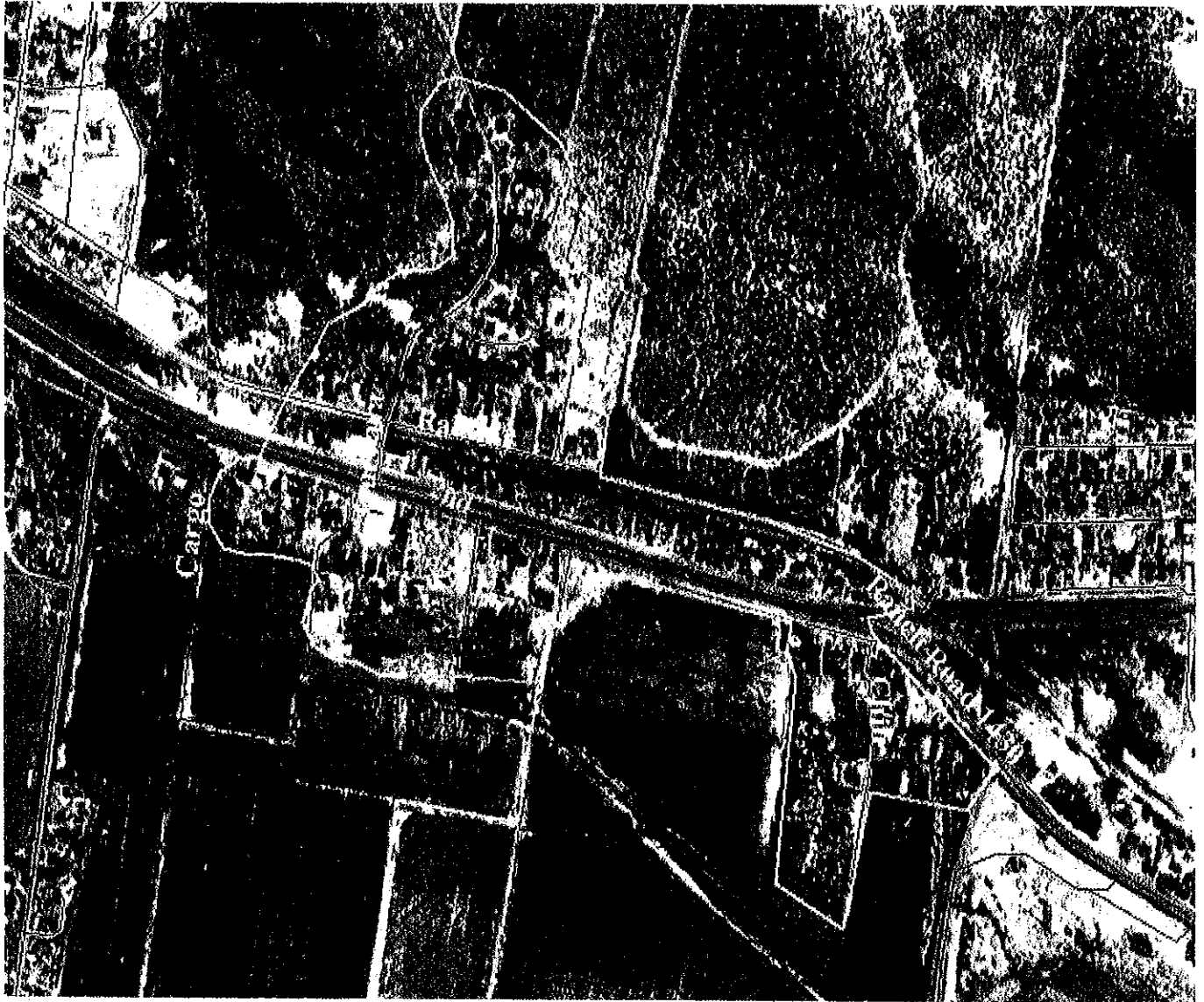
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
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NOTES:



La Puerta

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



200 0 200 400 600 800 1000 Feet



80 0 80 160 240 320 400 480 Meters



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La Puerta

Colonia Number 99

Starr County Precinct # 3

Location

Located 5 miles east of Rio Grande City in La Puerta on Hwy 83.

Number of Lots: 116

Current Population: 316

Number of Occupied Dwellings Units: 81

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing \$920,000

Water \$144,671

Wastewater \$219,473

Streets and Drainage \$533,360

Total \$1,817,504



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: La Puerta2 (Number 100) **PRIORITY:** High
County Starr **Census Tract(s)** 9501 **Block Group(s):** 4 **Flood Zone(s)** A

Location: Located 5 miles east of Rio Grande City in La Puerta on Hwy 83.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: 214A022 **Map Number:** 100

Description: The colonia consists mainly of occupied standard structures. However, 25% of the structures are substandard or dilapidated.

POPULATION:

Current Estimated Colonia Population:	<u>390</u>		Date:	<u>1999</u>	
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 146
Occupied Lots: 123 **% Occupied:** 84
Vacant Lots: 23 **% Vacant:** 16
Recording Information: v. 2 pg. 211-A

HOUSING:

Dwellings

Total # of Dwellings:	<u>114</u>	% Occupied:	<u>88</u>
# Occupied Dwellings:	<u>100</u>	% Vacant:	<u>12</u>
# Vacant Dwellings:	<u>14</u>		
# Non-residential Structures	<u>3</u>		
# Dwellings in Standard Condition:	<u>78</u>	% Standard:	<u>68</u>
# Dwellings in Sub-standard or Deteriorated C	<u>20</u>	% Sub-standard:	<u>18</u>
# Dwellings in Dilapidated or Obsolete Conditi	<u>10</u>	% Dilapidated:	<u>9</u>
# Dwellings under Construction:	<u>6</u>	% Under Const:	<u>5</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 30
Estimated Housing Rehabilitation Costs: \$550,000

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 146
 Estimated Cost for Complete Water Distribution System: \$110,448
 Estimated Cost of Water Connections: \$73,000
 Total Estimated cost of Water Distribution System: \$183,448

SEWER SERVICE

Sewer Service Collection: N Sewer Collector N/A
 # Sewer Service Connections needed: 146
 Estimated Cost of Complete Sewer Collection System: \$161,424
 Estimated Cost of Sewer Connections: \$116,800
 Total Estimated cost of Sewer Collection System: \$278,224

STREETS:

Total Linear Feet of Roads: <u>8496</u>		Total Linear Feet Paved: <u>4380</u>				
Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1 Railway Street	710	40 FT	16	No	P	\$66,267
2 Railway Street (Acapulco Street)	380	40 FT	20	Yes	P	\$30,400
2 Railway Street (Acapulco Street)	766	40 FT	20	No	P	\$71,493
3 Trevinos Street	840	40 FT	20	Yes	F	\$56,000
4 Bar Street	1415	40 FT	20	Yes	P	\$113,200
5 A & A Street	930	40 FT	20	Yes	P	\$74,400
6 Barranco Street	700	20 FT	13	No	P	\$65,333
7 Los Ninos Street	760	30 FT	20	No	F	\$70,933
8 Bustos Street	493	40 FT	10	Yes	F	\$32,867
8 Bustos Street	322	40 FT	20	Yes	P	\$25,760
9 Rosita Street	490	40 FT	20	No	P	\$45,733
10 Lito Garza Street	540	40 FT	16	No	P	\$50,400
10 Lito Garza Street	150	40 FT	20	No	P	\$14,000
Total Estimated Cost of Street Improvements (Includes Drainage)						<u>\$716,787</u>

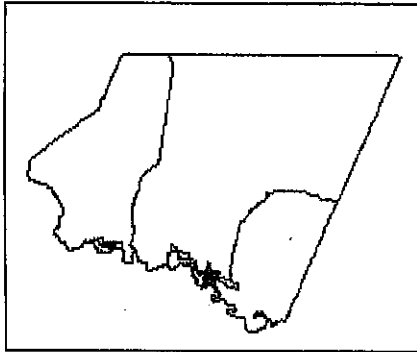
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
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NOTES:

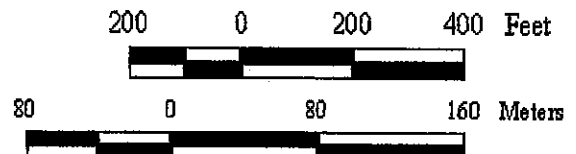
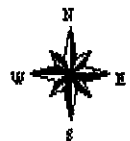


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Melden & Hunt

La Puerta #2

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



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La Puerta2

Colonia Number 100

Starr County Precinct # 3

Location

Located 5 miles east of Rio Grande City in La Puerta on Hwy 83.

Number of Lots:	146
Current Population:	390
Number of Occupied Dwellings Units:	100

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$550,000
Water	\$183,448
Wastewater	\$278,224
Streets and Drainage	\$716,787
Total	<hr/> \$1,728,459



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: La Puerta (Number 99) **PRIORITY:** High
County Starr **Census Tract(s)** 9501 **Block Group(s):** 4 **Flood Zone(s)** A

Location: Located 5 miles east of Rio Grande City in La Puerta on Hwy 83.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: _____ **Map Number:** 99

Description: There is a very large number of occupied dilapidated and substandard structures in the colonia.

POPULATION:

Current Estimated Colonia Population:	<u>316</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 116
Occupied Lots: 108 **% Occupied:** 93
Vacant Lots: 8 **% Vacant:** 7
Recording Information: N/A

HOUSING:

Dwellings

Total # of Dwellings:	<u>96</u>	% Occupied:	<u>84</u>
# Occupied Dwellings:	<u>81</u>	% Vacant:	<u>16</u>
# Vacant Dwellings:	<u>15</u>		
# Non-residential Structures	<u>7</u>		
# Dwellings in Standard Condition:	<u>45</u>	% Standard:	<u>47</u>
# Dwellings in Sub-standard or Deteriorated C	<u>23</u>	% Sub-standard:	<u>24</u>
# Dwellings in Dilapidated or Obsolete Conditi	<u>23</u>	% Dilapidated:	<u>24</u>
# Dwellings under Construction:	<u>5</u>	% Under Const:	<u>5</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 46
Estimated Housing Rehabilitation Costs: \$920,000

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 116
 Estimated Cost for Complete Water Distribution System: \$86,671
 Estimated Cost of Water Connections: \$58,000
 Total Estimated cost of Water Distribution System: \$144,671

SEWER SERVICE

Sewer Service Collection: N Sewer Collector N/A
 # Sewer Service Connections needed: 116
 Estimated Cost of Complete Sewer Collection System: \$126,673
 Estimated Cost of Sewer Connections: \$92,800
 Total Estimated cost of Sewer Collection System: \$219,473

STREETS:

Total Linear Feet of Roads: 6667 Total Linear Feet Paved: 6667

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	Guevara Street	1480	35 FT	20	Yes	P	\$118,400
1	Guevara Street	120	35 FT	20	Yes	P	\$9,600
2	Railway Street	2390	20 FT	16	Yes	P	\$191,200
3	Perch Street	561	15 FT	10	Yes	P	\$44,880
4	Bluefish Street	152	30 FT	14	Yes	P	\$12,160
5	Bomber Street	500	30 FT	30	Yes	P	\$40,000
6	Dapper Street	500	20 FT	10	Yes	P	\$40,000
7	Chile Street	964	30 FT	12	Yes	P	\$77,120
8	Cargo Street (Not Existing on Ground)				No		

Total Estimated Cost of Street Improvements (Includes Drainage) \$533,360

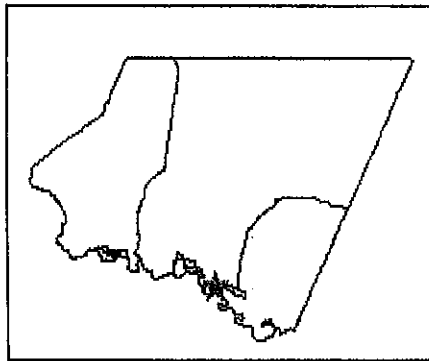
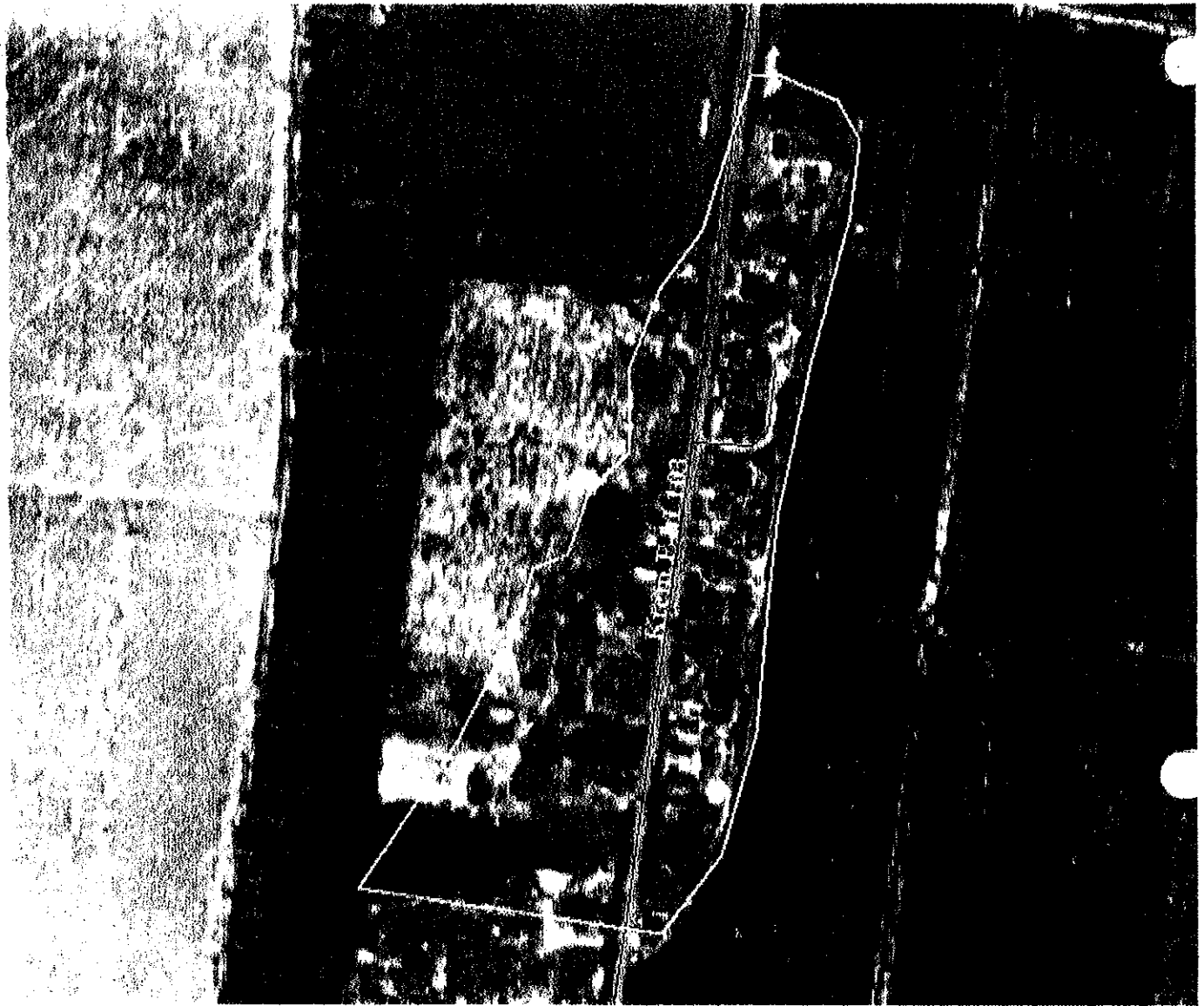
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
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NOTES:



North Refugio

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



200 0 200 Feet



80 0 80 160 Meters



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North Refugio

Colonia Number 151

Starr County Precinct # 3

Location

Located 4 miles east of Rio Grande City in La Refugio. Approximately 1 mile south of Hwy 83 on Ktcm FM 103.

Number of Lots:	41
Current Population:	133
Number of Occupied Dwellings Units:	34

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$280,000
Water	\$42,860
Wastewater	\$65,480
Streets and Drainage	\$160,533
Total	<u>\$548,873</u>



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: North Refugio (Number 151) **PRIORITY:** High
County Starr **Census Tract(s)** 9501 **Block Group(s):** 4 **Flood Zone(s)** C

Location: Located 4 miles east of Rio Grande City in La Refugio. Approximately 1 mile south of Hwy 83 on Ktcm FM 103.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: _____ **Map Number:** 151

Description: The colonia consists of a lot of structures that are substandard. There are a few dilapidated structures.

POPULATION:

Current Estimated Colonia Population:	<u>133</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 41
Occupied Lots: 40 **% Occupied:** 98
Vacant Lots: 1 **% Vacant:** 2
Recording Information: N/A

HOUSING:

Dwellings

Total # of Dwellings:	<u>37</u>	% Occupied:	<u>92</u>
# Occupied Dwellings:	<u>34</u>	% Vacant:	<u>8</u>
# Vacant Dwellings:	<u>3</u>		
# Non-residential Structures	<u>1</u>		
# Dwellings in Standard Condition:	<u>19</u>	% Standard:	<u>51</u>
# Dwellings in Sub-standard or Deteriorated C	<u>12</u>	% Sub-standard:	<u>32</u>
# Dwellings in Dilapidated or Obsolete Conditio	<u>4</u>	% Dilapidated:	<u>11</u>
# Dwellings under Construction:	<u>2</u>	% Under Const:	<u>5</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 16
Estimated Housing Rehabilitation Costs: \$280,000

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 41
 Estimated Cost for Complete Water Distribution System: \$22,360
 Estimated Cost of Water Connections: \$20,500
 Total Estimated cost of Water Distribution System: \$42,860

SEWER SERVICE

Sewer Service Collection: N Sewer Collector: N/A
 # Sewer Service Connections needed: 41
 Estimated Cost of Complete Sewer Collection System: \$32,680
 Estimated Cost of Sewer Connections: \$32,800
 Total Estimated cost of Sewer Collection System: \$65,480

STREETS:

Total Linear Feet of Roads: 1720 Total Linear Feet Paved: 0

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	FM 103 (KTCM)	1460	40 FT	20	No	F	\$136,267
2	Silvados Street	260	20 FT	20	No	P	\$24,267
Total Estimated Cost of Street Improvements (Includes Drainage)							<u>\$160,533</u>

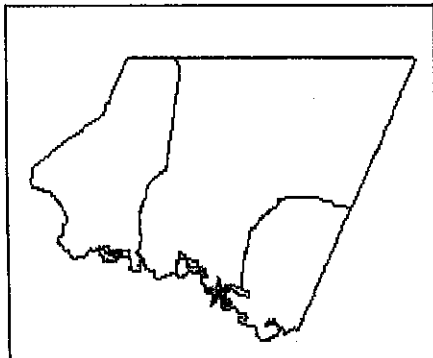
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of mihor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
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NOTES:



South Refugio

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



200 0 200 Feet



80 0 80 Meters



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South Refugio

Colonia Number 204

Starr County Precinct # 3

Location

Located 4 miles east of Rio Grande City in El Refugio. 1 mile south of Hwy 83 on the intersection of ktcn FM 103 and Eagle Ln.

Number of Lots:	25
Current Population:	59
Number of Occupied Dwellings Units:	15

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$85,000
Water	\$29,725
Wastewater	\$45,175
Streets and Drainage	\$58,333
Total	<u>\$218,233</u>



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: South Refugio (Number 204) **PRIORITY:** Medium High
County Starr **Census Tract(s)** 9501 **Block Group(s):** 4 **Flood Zone(s)** C

Location: Located 4 miles east of Rio Grande City in El Refugio. 1 mile south of Hwy 83 on the intersection of ktcn FM 103 and Eagle Ln.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: _____ **Map Number:** 204

Description: Most of the structures in the colonia are occupied and in standard condition. There are several substandard structures.

POPULATION:

Current Estimated Colonia Population:	<u>59</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 25
Occupied Lots: 18 **% Occupied:** 72
Vacant Lots: 7 **% Vacant:** 28
Recording Information: N/A

HOUSING:

Dwellings

Total # of Dwellings:	<u>17</u>	% Occupied:	<u>88</u>
# Occupied Dwellings:	<u>15</u>	% Vacant:	<u>12</u>
# Vacant Dwellings:	<u>2</u>		
# Non-residential Structures	<u>0</u>		
# Dwellings in Standard Condition:	<u>11</u>	% Standard:	<u>65</u>
# Dwellings in Sub-standard or Deteriorated C	<u>4</u>	% Sub-standard:	<u>24</u>
# Dwellings in Dilapidated or Obsolete Condit	<u>1</u>	% Dilapidated:	<u>6</u>
# Dwellings under Construction:	<u>1</u>	% Under Const:	<u>6</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 5
Estimated Housing Rehabilitation Costs: \$85,000

WATER SERVICE

Potable water System: Y Water Supplier: La Union WSC
 # Water Service Connections Needed: 25
 Estimated Cost for Complete Water Distribution System: \$17,225
 Estimated Cost of Water Connections: \$12,500
 Total Estimated cost of Water Distribution System: \$29,725

SEWER SERVICE

Sewer Service Collection: N Sewer Collector N/A
 # Sewer Service Connections needed: 25
 Estimated Cost of Complete Sewer Collection System: \$25,175
 Estimated Cost of Sewer Connections: \$20,000
 Total Estimated cost of Sewer Collection System: \$45,175

STREETS:

Total Linear Feet of Roads: 1325 Total Linear Feet Paved: 700

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	FM 103	540	40 FT	20	Yes	P	
1	FM 103	160	30 FT	16	Yes	P	
2	Patriot Street	625	30 FT	20	No	P	\$58,333
Total Estimated Cost of Street Improvements (Includes Drainage)							<u>\$58,333</u>

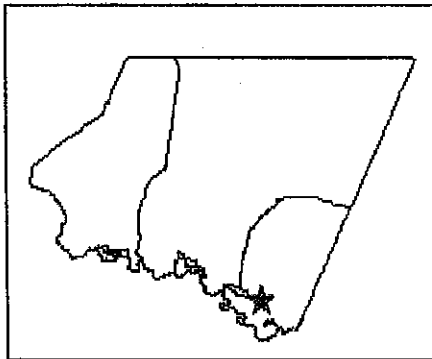
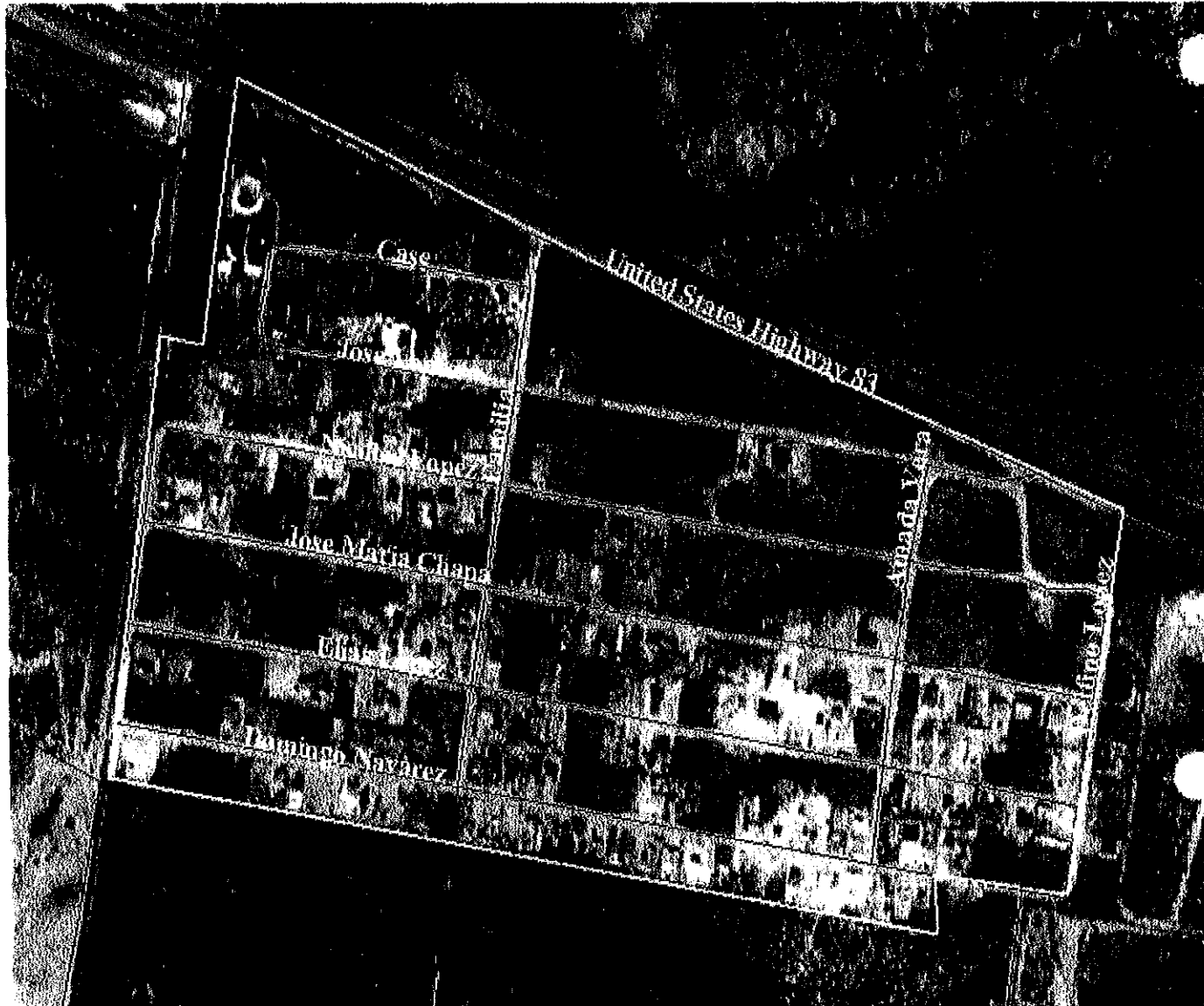
RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
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NOTES:



Wilbur Smith Associates
UT-PA Data & Information Systems Center
Melden & Hunt

West Alto Bonito

Comprehensive Colonias Study And Plan

Starr County, Texas
1999



200 0 200 400 600 Feet



80 0 80 160 240 Meters



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West Alto Bonito

Colonia Number 223

Starr County Precinct # 3

Location

Located 1.5 miles west of Ranch Road 2360 on the intersection of Hwy 83 and Familia St. in Alto Bonito.

Number of Lots:	250
Current Population:	515
Number of Occupied Dwellings Units:	132

Estimated Improvement Costs

(Details are provided in the Colonia Profile/Fact Sheet)

Housing	\$1,490,000
Water	\$338,135
Wastewater	\$511,505
Streets and Drainage	\$1,382,480
Total	<u>\$3,722,120</u>



**STARR COUNTY, TEXAS
COLONIA COMPREHENSIVE STUDY AND PLAN
COLONIA PROFILE / FACT SHEET**

COLONIA NAME: West Alto Bonito (Number 223) **PRIORITY:** High
County Starr **Census Tract(s)** 9504 **Block Group(s):** 2 **Flood Zone(s)** A

Location: Located 1.5 miles west of Ranch Road 2360 on the intersection of Hwy 83 and Familia St. in Alto Bonito.

School District Rio Grande City ISD **Precinct No.:** 3
Texas Water Development Board Colonia ID#: _____ **Map Number:** 223

Description: 45% of the structures are substandard or dilapidated and 10% of the structures are under construction.

POPULATION:

Current Estimated Colonia Population:	<u>515</u>	Date:	<u>1999</u>		
	1970	1980	1990	2000	2010
County Population:	<u>17,707</u>	<u>27,266</u>	<u>40,518</u>	<u>64,535</u>	<u>99,410</u>

LAND:

Platted: Y **# Lots:** 250
Occupied Lots: 194 **% Occupied:** 78
Vacant Lots: 56 **% Vacant:** 22
Recording Information: v. 2 pg. 207

HOUSING:

Dwellings

Total # of Dwellings:	<u>174</u>	% Occupied:	<u>76</u>
# Occupied Dwellings:	<u>132</u>	% Vacant:	<u>24</u>
# Vacant Dwellings:	<u>42</u>		
# Non-residential Structures	<u>2</u>		
# Dwellings in Standard Condition:	<u>80</u>	% Standard:	<u>46</u>
# Dwellings in Sub-standard or Deteriorated C	<u>41</u>	% Sub-standard:	<u>24</u>
# Dwellings in Dilapidated or Obsolete Conditio	<u>35</u>	% Dilapidated:	<u>20</u>
# Dwellings under Construction:	<u>18</u>	% Under Const:	<u>10</u>
		Total %:	<u>100</u>

Housing Rehabilitation Candidates: 76
Estimated Housing Rehabilitation Costs: \$1,490,000

WATER SERVICE

Potable water System: Y Water Supplier: La Grulla WSC
 # Water Service Connections Needed: 250
 Estimated Cost for Complete Water Distribution System: \$213,135
 Estimated Cost of Water Connections: \$125,000
 Total Estimated cost of Water Distribution System: \$338,135

SEWER SERVICE

Sewer Service Collection: N Sewer Collector N/A
 # Sewer Service Connections needed: 250
 Estimated Cost of Complete Sewer Collection System: \$311,505
 Estimated Cost of Sewer Connections: \$200,000
 Total Estimated cost of Sewer Collection System: \$511,505

STREETS:

Total Linear Feet of Roads: 16395 Total Linear Feet Paved: 3693

	Street Name	Linear Feet	ROW Width	Street Width	Paved Y or N	Condition	Estimated Cost
1	Case Street	950	40 FT	20	No	F	\$88,667
2	Famillia Street	1270	40 FT	20	Yes	G	\$67,733
3	Amanda Vera Street	870	40 FT	25	No	P	\$81,200
4	Delfino Lopez Street	725	40 FT	20	Yes	G	\$38,667
5	Jose Lopez Street	1380	40 FT	20	No	F	\$128,800
6	Nicolas Lopez Street	3370	40 FT	25	No	P	\$314,533
7	Jose Maria Chapa	2600	40 FT	20	No	F	\$242,667
8	Elias Lopez	2600	40 FT	20	No	F	\$242,667
9	Domingo Nevarez Street	1698	40 FT	20	Yes	G	\$90,560
9	Domingo Nevarez Street	932	40 FT	20	No	P	\$86,987
Total Estimated Cost of Street Improvements (Includes Drainage)							<u>\$1,382,480</u>

RECOMMENDATION OF SERVICES:

Construction of new waterlines or replacemnt of inadequate lines. Construction of appropriate sewer collection and treatment facilities. Street paving & drainage for improved access & control of minor drainage problems.

PAST AND CURRENT FUNDING:

Fund Name	Contract No.	Purpose	Amount	Status	Comment:
TDHCA	714185/ 716033	Housing/flood & drainage	\$1,265,480	100%	

NOTES:



Project Summary

Method of Implementation

The County of Starr coordinates with Rural Development and other Non-Profit Organizations to strengthen community development and desires to continue the construction of water and wastewater infrastructures, the implementation of housing rehabilitation, and the promotion of colonia beautification. With sufficient funding, continuance of such actions will support the expansion of economic opportunities and establish community togetherness.

We are prepared to offer approved services through our newly constructed, centrally located Self Help Center. The new center offers classroom settings for construction and computer skill training, improved housing for the tool library, and a conference center for presentations on successful homeownership. The Starr County Self Help Center staff nine (9) years of combined experience and proficiently trained in residential assessment, client intake, outreach and program management; all of which maximizes outcomes proposed by grant application and funding. Our ultimate goal is to provide services that encourages self-sufficiency through exploration of community improvement opportunities designed to increase Development countywide. Assisting colonia residents in their missions to obtain the available resources, programs, and grants along with providing outreach that discusses new activities targeted to fulfill special needs encountered in designated colonias will prove to have positive long-term effects in our surrounding communities.

EXHIBIT A

PERFORMANCE STATEMENT Starr County

Contractor shall carry out the following activities in the target area identified in its 2007 Starr County Self-Help Center Program Proposal. Contractor shall ensure that the amount of funds expended for each activity described herein does not exceed the amount specified for such activity in Exhibit B, Budget.

(3). CENTER/FACILITY (e.g., senior center or neighborhood facility)

◇ **Center/Facility**

A Self Help Center (SHC) in colonia *Casita/Garciasville* has been established in to better serve the needs of the colonia residents. The SHC has a tool library with a variety of tools. Construction Skill Training with basic rehabilitation / construction program, Computer access and training will be offered to colonia residents. The SHC will also serve as a centralized, information and assistance point for the residents in colonias *Casita/ Garciasville, Camargito, La Puerta 1& 2, Refugio, West Alto Bonito.*

These activities shall benefit eight thousand twenty four (8,024) persons, of which eight thousand twenty four (8,024) persons or hundred percent (100%) are of low to moderate income.

Total Center/Facility: 1

(7). PUBLIC SERVICES

◇ **Construction Skill Training**

\$10,920.00

Contractor shall utilize two thousand one hundred eighty-four (\$2,184) dollars to conduct two (2) classroom and/or on-site setting basic rehabilitation / construction program to train twenty (20) colonia residences. Residents will have a wide variety of lessons (i.e. plumbing, carpentry, electrical and masonry classes). This training will allow families to perform basic rehab within their own homes in the colonia of *Casita/Garciasville.*

These activities shall benefit ninety (90) persons, of which ninety (90) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize two thousand one hundred eighty-four (\$2,184) dollars to conduct two (2) classroom and/or on-site setting basic rehabilitation / construction program to train twenty (20) colonia residences. Residents will have a wide variety of lessons (i.e. plumbing, carpentry, electrical and masonry classes). This training will allow families to perform basic rehab within their own homes in the colonia of *Camargito.*

These activities shall benefit ninety (90) persons, of which ninety (90) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize two thousand one hundred eighty four (\$2,184) dollars to conduct two (2) classroom and/ or on-site setting basic rehabilitation / construction program to train twenty (20) colonia families in a classroom and/ or on-site setting. Residents will have a wide variety of lessons (i.e. plumbing, carpentry, electrical and masonry classes). This training will allow families to perform basic rehab within their own homes in the colonia of *La Puerta 1&2.*

These activities shall benefit ninety (90) persons, of which ninety or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize two thousand one hundred eighty four (\$2,184) dollars to conduct two (2) classroom and/or on-site setting basic rehabilitation / construction program to train twenty (20) colonia residences. Residents will have a wide variety of lessons (i.e. plumbing, carpentry, electrical and masonry classes). This training will allow families to perform basic rehab within their own homes in the colonia of *Refugio*.

These activities shall benefit ninety (90) persons, of which ninety (90) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize two thousand one hundred eighty four (\$2,184) dollars to conduct two (2) classroom and/or on-site setting basic rehabilitation / construction program to train ten (20) colonia residences. Residents will have a wide variety of lessons (i.e. plumbing, carpentry, electrical and masonry classes). This training will allow families to perform basic rehab within their own homes in the colonia of *West Alto Bonito*.

These activities shall benefit ninety (90) persons, of which ninety (90) or one hundred percent (100%) are of low to moderate income.

Total Construction Skill Training: 10

◇ **Outreach** **\$3,000.00**

Contractor shall publicly inform the residents regarding SHC activities and related programs through local newspaper, distributing flyers, radio, and access channel. Contractor shall conduct a Fair Housing Event once a year, which invites other coordinating Agencies to inform colonia residents from *Casita/ Garciasville, Camargito, La Puerta 1&2, Refugio and West Alto Bonito* on the different activities updates and inform them of other funding resources available. Contractor shall utilize three thousand (\$3,000.00) dollars and no cents to carry out this activity during the two (2) year contract.

These activities shall benefit eight thousand twenty four (8024) persons, of which eight thousand twenty four(8024) or one hundred percent (100%) are of low to moderate income.

◇ **Technical Assistance** **\$0.00**

As a component of the outreach, contractor shall further provide technical assistance to the targeted area colonia residents. Contractor will assist the colonia residents with program application as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the SHC activities. Contractor shall utilize zero (\$0.00) dollars to carryout this activity in colonia *Casita/ Garciasville*.

As a component of the outreach, contractor shall further provide technical assistance to the targeted area colonia residents. Contractor will assist the colonia residents with program application as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the SHC activities. Contractor shall utilize zero (\$0.00) dollars to carryout this activity in colonia *Camargito*.

As a component of the outreach, contractor shall further provide technical assistance to the targeted area colonia residents. Contractor will assist the colonia residents with program application as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the SHC activities. Contractor shall utilize zero (\$0.00) dollars to carryout this activity in colonia *La Puerta 1&2*.

As a component of the outreach, contractor shall further provide technical assistance to the targeted area colonia residents. Contractor will assist the colonia residents with program application as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the SHC activities. Contractor shall utilize zero (\$0.00) dollars to carryout this activity in colonia *Refugio*.

As a component of the outreach, contractor shall further provide technical assistance to the targeted area colonia residents. Contractor will assist the colonia residents with program application as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the SHC activities. Contractor shall utilize zero (\$0.00) dollars to carryout this activity in colonia *West Alto Bonito*.

◇ **Tool Lending Library/ Maintenance** **\$48,000.00**

Contractor shall utilize four eight thousand (\$48,000) dollars to operate, maintain and repair the tools in the tool library and provide paint , paint accessories and weatherization materials for the colonia residents in *Casita/ Garciasville, Camargito, La Puerta 1&2, Refugio and West Alto Bonito*. Contractor will utilize ten thousand dollars to purchase some new tools for the Self Help Center. Some tools will need to be replaced, to be able to function successfully. Other tools will only need to be repaired. The majority of the tools were purchased in 1996. Contractor will utilize thirty eight thousand (\$38,000) to assist 126 residents with paint, paint accessories, and weatherization materials.

These activities shall benefit eight thousand twenty four (8,024) persons, of which eight thousand twenty four (8,024) or one hundred percent (100%) are of low to moderate income.

Total Tool Library: 1

◇ **Tutoring & Educational Program** **50,000.00**

Contractor will utilize program funds to contract with a qualified instructor to conduct tutoring and educational programs for colonia residents, purchase materials, and software needed to assure a successful program that will assist residents from *Casita/ Garciasville, Camargito, La Puerta 1&2, Refugio, and West Alto Bonito* with basic computer and literacy classes.

These activities shall benefit eight thousand twenty four (8,024) persons, of which eight thousand twenty four (8,024) or one more are hundred percent (100%) low to moderate income.

◇ **Solid Waste Removal** **\$7,080.00**

Contractor shall utilize seven thousand eighty (7,080.00) dollars and no cents for the removal of junked appliances, and other disease vectors in *Casita/ Garciasville, Camargito, La Puerta 1&2, Refugio, and West Alto Bonito*.

These activities shall benefit eight thousand and twenty four (8024) households, of which eight thousand and twenty four (8024) or more are hundred percent (100%) low to moderate income.

(9). REHABILITATION

◇ (9a)Residential Rehabilitation

\$625,000.00

Contractor shall sub contract to rehabilitate approximately ten (10) owner-occupied housing units at a cost of twelve thousand five hundred (12,500) dollars in colonia *Casita/ Garciasville*. Non-Profit shall bring these housing units into compliance with HUD Colonia Housing Standards.

These activities shall benefit forty five (45) persons, of which forty five (45) or one hundred percent (100%) are of low to moderate income.

Contractor shall sub contract to rehabilitate approximately ten (10) owner-occupied housing units at a cost of twelve thousand five hundred (12,500) dollars in colonia *Camargito*. Non-Profit shall bring these housing units into compliance with HUD Colonia Housing Standards.

These activities shall benefit forty (45) persons, of which forty five (45) or one hundred percent (100%) are of low to moderate income.

Contractor shall sub contract to rehabilitate approximately ten (10) owner-occupied housing units at a cost of twelve thousand five hundred (12,500) dollars in colonia *La Puerta I&2*. Non-Profit shall bring these housing units into compliance with HUD Colonia Housing Standards.

These activities shall benefit forty five (45) persons, of which forty (45) or one hundred percent (100%) are of low to moderate income.

Contractor shall sub contract to rehabilitate approximately ten (10) owner-occupied housing units at a cost of twelve thousand five hundred (12,500) dollars in colonia *Refugio* Non-Profit shall bring these housing units into compliance with HUD Colonia Housing Standards.

These activities shall benefit forty five (45) persons, of which forty five (45) or one hundred percent (100%) are of low to moderate income.

Contractor shall sub contract to rehabilitate approximately ten (10) owner-occupied housing units at a cost of twelve thousand five hundred (12,500) dollars in colonia *West Alto Bonito*. Non-Profit shall bring these housing units into compliance with HUD Colonia Housing Standards.

These activities shall benefit forty five (45) persons, of which forty five (45) or one hundred percent (100%) are of low to moderate income.

Total Rehabilitation: 50

◇ Self Help Home Repair Program

\$216,000

Contractor shall utilize forty three thousand two hundred (\$43,200.) dollars to low and very low-income residents. Eighteen (18) homeowners from *Casita/ Garciasville* will be trained by a skilled plumbing instructor with basic and intermediate plumbing skills. Upon completion of the course, the colonia residents may apply for Self Help Repair Program, which will assistance up to (\$2,400) dollars, to enable them to do minor repairs on their home, tools from the tool library will be available for their use.

These activities shall benefit eighty one (81) persons of which eighty one (81) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize forty three thousand two hundred (\$43,200.) dollars to low and very low-income residents. Eighteen (18) homeowners from *Camargito* will be trained by a skilled plumbing instructor with basic and intermediate plumbing skills. Upon completion of the course, the colonia residents may apply for Self Help Repair Program, which will assistance up to (\$2,400) dollars, to enable them to do minor repairs on their home, tools from the tool library will be available for their use.

These activities shall benefit eighty one (81) persons of which eighty one (81) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize forty three thousand two hundred (\$43,200.) dollars to low and very low-income residents. Eighteen (18) homeowners from *La Puerta 1&2* will be trained by a skilled plumbing instructor with basic and intermediate plumbing skills. Upon completion of the course, the colonia residents may apply for Self Help Repair Program, which will assistance up to (\$2,400) dollars, to enable them to do minor repairs on their home, tools from the tool library will be available for their use.

These activities shall benefit eighty one (81) persons of which eighty one (81) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize forty three thousand two hundred (\$43,200.) dollars to low and very low-income residents. Eighteen (18) homeowners from *Refugio* will be trained by a skilled plumbing instructor with basic and intermediate plumbing skills. Upon completion of the course, the colonia residents may apply for Self Help Repair Program, which will assistance up to (\$2,400) dollars, to enable them to do minor repairs on their home, tools from the tool library will be available for their use.

These activities shall benefit eighty one (81) persons of which eighty one (81) or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize forty three thousand two hundred (\$43,200.) dollars to low and very low-income residents. Eighteen (18) homeowners from *West Alto Bonito* will be trained by a skilled plumbing instructor with basic and intermediate plumbing skills. Upon completion of the course, the colonia residents may apply for Self Help Repair Program, which will assistance up to (\$2,400) dollars, to enable them to do minor repairs on their home, tools from the tool library will be available for their use.

These activities shall benefit eighty one (81) persons of which eighty one (81) or one hundred percent (100%) are of low to moderate income.

Total Self Help Home Repairs: 90

(13). ADMINISTRATION, PLANNING & MANAGEMENT

◇ Center Administration \$240,000.00

The Self-Help Center shall utilize up to Two hundred and forty thousand dollars and no cents (\$240,000.) to carryout the day-to-day operations for the Self-Help Center.



Statement of Work

Method of Implementation

- In recent years, Starr County has connected yard lines in rural areas to develop adequate water and wastewater disposal systems, performed acquisitions and relocations, examined title fees and model home plans, assisted in the decommissioning /abandonment of septic tanks and cesspools, and developed a Flood Control Channel to alleviate flooding in West Alto Bonito. The County continues to make street improvements, offer construction skill instruction classes, provide outreach, and unlimited access to the tool library.
 - Starr County has contracted with other agencies whose goals are to contain construction costs while establishing community development. Some developments which are being worked on include eliminating overcrowding in dwellings/lots through down payment assistance, bringing living conditions up to adequate housing standards through home rehabilitation, maximizing community awareness of services and resources available through outreach services, and providing the best possible experiences with the tool lending library through proper tool maintenance, replacement and new purchases of tools depending on area need and request surveys.
 - The implementation of the proposed services will not only benefit the colonia residents but also will enhance the County of Starr by bringing forth economic development, initiating countywide action, and fostering growth and pride in the communities.
-



Results Envisioned

Starr County's view of the future for the colonias

- Health and safety hazards eliminated by replacing substandard structures with sound homes and accessible roadways that meet adequate housing standards as determined by local, state and federal agencies.
 - Having colonia residents thoroughly educated in construction skill and confident in their ability to complete personal home improvement projects through hands on training in carpentry, plumbing, electrical, and masonry classes.
 - Community wide success with the Solid Waste Campaign, which continues to support clean-up campaigns in all the designated colonias (i.e. removal of junked and discarded household appliances). Improved quality of life within the neighborhoods and any potential dangers eliminated for colonia children.
 - Landscaping such as the planting trees, grass and the construction of sidewalks consistently promoted to help maintain community pride and involvement.
 - Tutorial & Educational Programs such as computer skills training and internet research classes that help citizens to gainful employment and promote self-sufficiency.
-



Starr County

Proposed Budget

**EXHIBIT B
BUDGET
STARR COUNTY**

LINE CATEGORIES	Contract Fund	County Leverage	Other Funds
1. Aquisition Dispostion			
• Lot Acquistion			
• Title Search			
• Survey			
2. Cleareance			
3. Center / Facility(e.g., senior center or neighborhood facility)			
4. Public facilities (do not use 4- use 4a,4b, or 4c)			
4.(a) Water			
4.(b) Sewer			
4.(c) Flood and Drainage Facilities			
5. Street and Bridges			
6. Other Public Facilities (example are fire stations, sidewalks, street, street furniture, curbs, libraries, and other not specifically listed in 3 thru 5 on this list)			
• Engineering / Architectural			
7. Public Services	\$ 119,000.00		
• Construction Skill Training			
• Outreach Program			
• Technical Assistance			
• Tool Lending Library			
• Tutoring & Educational Program			
• Solid Waste Campaign			
8. Relocation			
9. Rehabilittation (do not use 9- use 9a or 9b)			
9(a) Residential Rehabilittation			
• Rehabilitation of Private Property	\$ 625,000.00		\$ 129,315.00
• Plumbing Improvements	\$ 216,000.00		
9 (b). Commercial Rehabilittation			
10. Public Housing Modernization			
11. Removal of Architecural Barriers			
12. Planning Only			
13. Adminstration, Planning and Management			
• Self Help Center Adminstration	\$ 240,000.00		
14. Economical Development Activites (do not use 14- use 14 a or 14b)			
14(a) Asstance to Non Profit			
14(b) Assistance to ForProfit Entities			
15. New Construction (do not use 15- use 15a, 15b,or 15c)			
15(a) Last Resort			
15(b) Not feasible for Rehabilittation (New Construction)	\$ -		
15(c) Other 105 (a) (15)			
16. Unspecified Activites			
17. Homeownership Assistance			
• Down Payment / Closing Cost			
TOTALS	\$ 1,200,000.00		



Partner Agencies

- Rural Development
- Community Action Council of South Texas
- Community Resource Group
- Starr County Commissioners
- Area Agency on Aging
- United Way of South Texas



Starr County

Resolution

See Attached

RESOLUTION

A RESOLUTION OF THE COMMISSIONERS' COURT OF STARR COUNTY, TEXAS, AUTHORIZING THE SUBMISSION OF A **SELF HELP CENTER PROPOSAL** TO THE OFFICE OF COLONIA INITIATIVES, TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS; AND **AUTHORIZING THE COUNTY JUDGE** TO ACT AS THE COUNTY'S EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE COUNTY'S PARTICIPATION IN THE SELF HELP CENTER PROGRAM.

WHEREAS, the County of Starr has conducted a Colonia Comprehensive Study and Plan and has identified approximately 224 colonias; and

WHEREAS, certain conditions exist in the colonias which represent a threat to the public health and safety; and

WHEREAS, the majority of the colonia population is composed of individuals and families of low income and very low income;

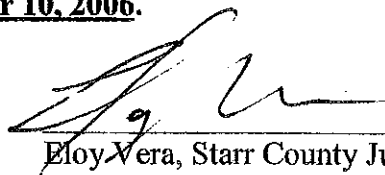
NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF STARR COUNTY, TEXAS:

1. That a Self Help Center Proposal is hereby authorized to be submitted on behalf of the County to the Office of Colonia Initiatives, Texas Department of Housing and Community Affairs.
2. That the Colonias of Salineno, Los Barrera's, Refugio, La Puerta, and Camargito be selected as the colonias for the Self Help Program.
3. That the Commissioners Court directs and designates the **County Judge** as the County's Chief Executive Officer and Authorized Representative to act in all matters in connection with this proposal and the County's participation in the Self Help Program.

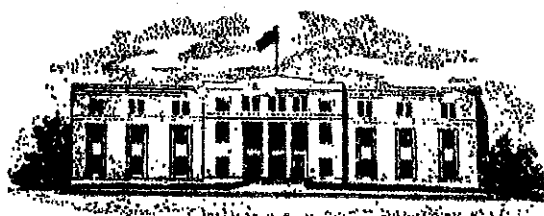
Passed and approved this day of October 10, 2006.



Dennis Gonzalez, Starr County Clerk



Eloy Vera, Starr County Judge



STARR COUNTY COURTHOUSE
STARR COUNTY

Rio Grande City
Texas 78582



August 18, 2006

ELOY VERA
COUNTY JUDGE

DENNIS GONZALEZ
COUNTY CLERK

COUNTY COMMISSIONERS

JAIME M. ALVAREZ
PRECINCT NO. 1

RAUL PEÑA JR.
PRECINCT NO. 2

ELOY GARZA
PRECINCT NO. 3

ABEL N. GONZALEZ JR.
PRECINCT NO. 4

ROSALINDA G. GUERRA CPA
COUNTY AUDITOR

REYMUENDO GUERRA
SHERIFF

VICTOR CANALES
COUNTY ATTORNEY

DAVID PORRAS
TREASURER

CARMEN A. PEÑA
ASSESSOR - COLLECTOR

E. AGUILAR
COUNTY SURVEYOR

HERIBERTO SILVA
DISTRICT ATTORNEY

JUAN ERASMO SAENZ
DISTRICT CLERK

Dennis Gonzalez
Starr County Clerk
Starr County Courthouse
Rio Grande City, TX. 78582

Please be advice that a majority of the members of the Commissioner's Court do hereby approve the following:

A resolution authorizing the County Judge to submit a Self Help Proposal to the office of Colonia Initiatives of the Texas Department of Housing and Community Affairs.

Ratification of this order will be conducted at the next Regular Commissioner Court Meeting.

Eloy Vera County Judge

Jaime M. Alvarez Comm. Pct.1

Raul R. Pena, Jr. Comm. Pct.2

Eloy Garza Comm. Pct. 3

Abel N. Gonzalez, Jr. Comm. Pct.3



Starr County

Public Hearing

See Attached

Starr County Town Crier
P.O. Box 209
Rio Grande City, Tx 78582
(956)487-6544

1571

1

09-27-06

SELF HELP CENTER
Attn: Anna Villarreal
6163 FM 1430
RIO GRANDE CITY, TEXAS 78582

07-31-06	Balance Forward	115.60
08-02-06	3 X 7 AD @5.78 PO# 50030	<u>121.38</u>
09-20-06	3 X 6 AD @5.78 PO# 50665	104.04

July 19 2x5 PO# 49894 57.80
26 2x5 PO# 49894 57.80
Balance forward 115.60

AMOUNT DUE

341.00

AFFIDAVIT

STATE OF TEXAS X

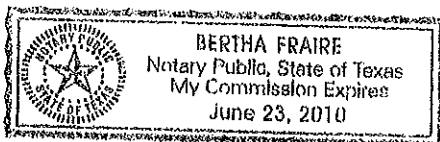
COUNTY OF STARR X

BEFORE ME, the undersigned Authority, on this day personally appeared REBECCA G. CANALES, who being by me duly sworn, deposes and says that she is the EDITOR-PUBLISHER of the STARR COUNTY TOWN CRIER that said newspaper is published weekly in STARR County, Texas, and generally circulated in STARR, County, Texas; and that the attached notice was published in said newspaper on the following date(s), to wit:

SEPTEMBER 20, 2006 --- PUBLIC NOTICE COUNTY OF STARR TEXAS COMMUNITY DEVELOPMENT PROGRAM The County of Starr will hold a public hearing at 5:00 p.m. on Tuesday, October 3, 2006, at the Starr County Self Help Center, 6163 FM 1430, Rio Grande City, Texas 78582, in La Casita. The public hearing is in regards to the submission of a proposal to the Office of Colonia Initiatives for a Texas Community Development Program (TCDP) Self Help Grant. The purpose of this meeting is to allow colonia citizens an opportunity to discuss the local housing and community development needs the amount of TCDP funds available, all eligible activities, and the use of past TCDP Self Help funds. PO# 50665

Rebecca G. Canales
REBECCA G. CANALES
EDITOR-PUBLISHER

Subscribed and sworn to before me this the 26th day of Sept, 2006, to certify which witness my hand and seal of office.



My Commission Expires

[Signature]
NOTARY PUBLIC
STATE OF TEXAS

**PUBLIC NOTICE
COUNTY OF STARR
TEXAS COMMUNITY DEVELOPMENT PROGRAM**

The County of Starr will hold a public hearing at **5:00 p.m.** on **Tuesday, October 3, 2006**, at the Starr County Self Help Center, 6163 FM 1430, Rio Grande City, Texas 78582, in La Casita. The public hearing is in regards to the submission of a proposal to the Office of Colonia Initiatives for a Texas Community Development Program (TCDP) Self Help Grant. The purpose of this meeting is to allow colonia citizens an opportunity to discuss the local housing and community development needs the amount of TCDP funds available, all eligible activities, and the use of past TCDP Self Help funds. The County encourages citizens to participate in the development of the TCDP proposal and to make their views known, at this public hearing.

Citizens unable to attend this meeting may submit their views and proposals to County Judge Eloy Vera, at the County Courthouse. Persons with disabilities that wish to attend this meeting should contact the Self Help Center at 488-2395 to arrange for assistance. Individuals who require auxiliary aids or services for this meeting should contact the Self Help Center at least two days before the meeting so that appropriate arrangements can be made.

Habra una Audiencia Publica el dia 3 de **Octubre, 2006** a las **5:00 p.m** en El Cento del Alto Ayudas 6163 FM 1430 Rio Grande City, TX. 78582 en La Casita. El proposito de esta audiencia es para dar oportunidad a los residentes que presenten las necesidades de su comunidad y participen en el desarrollo de un prosupuesto que se entregara al estado para recibir fondos de auto ayuda. Se presentara informacion de las actividades elegibles y de proyectos anteriores.

For more information, please contact Anna M. Villarreal at 487-2395.

PUBLIC HEARING
Submission of New Proposal
for Self Help Center
October 3, 2006
5:00 PM

	PRINT NAME	BUISNESS	PHONE
1.	ANNA M. Villarreal	Self Help Center	488-2395
2.	P. Hawk	Self Help Center	488-2395
3.	DeWitt M Jones Jr	Committee Member	
4.	Esmeralda Gonzalez	Self Help Center	488-2395
5.	Irene L. Zarate	Starr Co. Comm. Pot. 3	488-3188
6.			
7.			
8.			
9.			
10.			

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

April 12, 2007

Action Items

Presentation, Discussion and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Maverick County through Community Development Block Grant (CDBG) Funding.

Required Action

Approve or deny the Colonia SHC Program award recommendation to Maverick County.

Background

Colonia Self-Help Centers Program

The Colonia Self-Help Centers (SHC) were created by Acts of the 74th Legislature of the state of Texas in 1995. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area the department has determined is suitable. Pursuant to Subchapter Z of Chapter 2306 of the Texas Government Code, the Texas Department of Housing and Community Affairs (TDHCA) has established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb Counties. If TDHCA determines it necessary and appropriate, the legislation allows for Colonia SHCs to be established in any other county if the county is designated as an economically distressed area under Chapter 17 of the Water Code. In 2001, the Department opened two additional centers in Maverick and Val Verde Counties to address the needs in those locations.

On February 1, 2007, the TDHCA Governing Board approved the first edition of the Colonia SHC Program Rules. The purpose of the rules was to make the program more transparent, reflect the self-help concepts of the enabling legislation and facilitate the completion of SHC activities within the original contract period. The development of program rules has led to a more structured and uniform funding proposal process.

TDHCA will allocate no more than \$1.2 million per Colonia SHC contract. If there are insufficient funds available from any specific year to fully fund a proposal, the affected county may accept the amount available at that time and then wait for the remainder to be funded with a contract utilizing the next year's funding allocation.

According to statute, it is the responsibility of TDHCA to designate a geographic area for the services provided by each SHC. In consultation with the Colonia Resident Advisory Committee (C-RAC) and the county, TDHCA will designate 5 colonias in each service area to receive concentrated attention from that SHC. The purpose of the C-RAC is to advise the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs and activities that may be undertaken to better serve colonia residents. The county submitting a funding proposal is required to conduct and submit a needs assessment for each colonia designated to receive that concentrated attention in the proposal. Based on the results of the assessments, the county must develop a scope of work to be conducted for each colonia. The scope of work will be outlined in a funding proposal and these proposals will be formally presented to C-RAC (before the 30th day preceding the date on which a

contract is scheduled to be awarded by the Board as required by Section 2306.585 (b) of the enabling legislation) to receive their comments and suggestions in fulfillment of C-RAC's obligation to the Board. On March 13, 2007, a C-RAC meeting was conducted for this purpose in Rio Grande City, Texas.

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$2.2 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the state of Texas. The management of CDBG funds is dictated through a Memorandum of Understanding (MOU) between the Office of Rural Community Affairs (ORCA), which receives the allocation from the US Department of Housing and Urban Development (HUD), and TDHCA. The Colonia SHC contracts are four-year contracts as specified by legislation; however, if contractor localities are able to complete all contractual requirements before the expiration of the four-year contract period, they may go ahead and submit a proposal for a new contract. Proposals for new funding will be placed on a first-come, first-serve waiting list until there is sufficient funding available. Total administration is capped at the CDBG maximum of 20% of the contract amount regardless of whether or not it takes a full four years to complete all contract activities, which provides an incentive for the counties to complete the contracts ahead of schedule. Please note, however, that administrative funds are only reimbursed for actual administrative time spent on SHC activities. Administrators can never be reimbursed for work they did not do even if all contractual activities are completed before the expiration of the contract period and administrative funds remain in the budget.

Colonia SHC Award Descriptions

Maverick County

The Commissioners' Court of Maverick County awarded the subcontract to administer the Colonia SHC to the local nonprofit, Community Action Social Services & Education, Inc. (CASSE). This will be Maverick County's third Colonia SHC contract.

Contractor: Maverick County
Contact: The Honorable Jose Aranda
Address: 500 Quarry Street Suite 3
 Eagle Pass, Texas 78852

Purpose of Contract: The County of Maverick shall provide housing and community development to the following colonias: Loma Bonita, Las Quintas, and Las Brisas. The County proposes to do the following housing and community development activities:

Performance activity	Proposed	Budget
Acquisition		\$3,300.00
• Title Search Work (titles)	12	\$3,300.00
Public Service		\$79,770.00
• Outreach activities	1,500	\$1,500.00
• Technical Assistance sessions	750	\$3,000.00
• Homeownership/Construction Classes	60	\$4,800.00
• Tool Lending library Program	1	\$48,197.50

• Solid Waste Management activities	33	\$18,272.50
• Proposal Research and Development	3	\$4,000.00
• Technology Center	1	\$52,000.00
Rehabilitation		\$616,930.00
• Residential Rehab	22	\$446,930.00
• Self-Help Home Repair	60	\$150,000.00
Not Feasible for Rehabilitation		\$228,000.00
• New Construction	24	\$228,000.00
Administration		\$240,000.00
Total		\$1,200,000.00

The Colonia SHC contract will benefit five thousand one hundred eighty-four (5,184) colonia residents.

Maverick County's Previous Performance

Maverick County successfully completed the project activities of the previous contract. The most recent prior contract expired on November 1, 2006. The county submitted the close-out package for TDHCA review; monitoring and contract closure are pending.

Recommendation

Approval of Colonia SHC funding award to Maverick County for the operation of the Maverick County Colonia SHC in the amount as described below.

<u>NAME</u>	<u>AMOUNT</u>
Maverick County	\$1,200,000.00

Self Help Center Application – 2006-2008
Maverick County, Texas

Executive Summary

Imagine owning a home that lacks safe, sanitary water for drinking, cooking and cleaning. Your home is in an unincorporated subdivision where unpaved roads, an inadequate sewage disposal system and untreated water are the norm.

Settlements with such disadvantages flourish along the Texas-Mexico border. They are colonias and they are the intended targets of this proposal. Because the burgeoning Maverick County border-area population easily outpaces the availability of safe, decent and affordable housing, many families are left with nowhere to live except in these substandard developments. For an estimated 4,432 Maverick County citizens living within the boundaries of the colonias that comprise the scope of this project – with their multitude of problems – these areas are their only housing option.

Maverick County has a limited supply of adequate, affordable housing, coupled with the rising need for such housing, has contributed to the development of new colonias and the expansion of existing ones. Carla Mancha, Executive Director of the Eagle Pass Housing Authority, currently has a waiting list of eight months for 251 Maverick County families requesting housing. A preliminary report by the University of Texas estimates that by the year 2010, more than 700,000 additional people will need affordable housing on the Texas border if current trends continue.

The Maverick County Colonias Self-Help Center (SHC) is the county's largest non-profit, 501 (c) (3), housing and community assistance project with member-mandated programs reflecting grass-roots community concerns. The SHC is CHDO certified. The purpose of the organization is to enrich the lives of Maverick

County's extremely low to moderate-income populations in a variety of ways including housing, and community development activities, infrastructure improvements and education.

The Maverick County Colonias SHC is pleased to submit it's strategic plan for fiscal years 2006-2008. The ideas and concepts presented in this proposal sets forth its' mission, vision, goals and objectives that will help ensure there will be ample infrastructure in place for colonia residents who reside within SHC's targeted areas. The SHC's targeted colonias include Loma Bonita, Las Brisas and Las Quintas subdivisions. These neighborhoods are located in the Southern part of Maverick County and in close proximity to the border with The Republic of Mexico. Information used for this application comes from a needs assessment financed through a grant provided by the Texas Department of Housing and Community Affairs, which has been approved by The Maverick County Commissioners Court.

Housing

The plan will help make certain that there will be ample housing opportunities for colonia residents. Housing must have a context, however. It must fit into some sort of land-use plan. Quality of life for those citizens living in the project's targeted areas will depend on adequate infrastructure such as streets, lighting, sewer, water, electrical services, plus convenient and safe access to work, schools to shopping and health services. The plan includes options for financing and other details that promote these concepts.

Housing is a critical part of what makes a community. Fortunately, most families in the United States are very well housed. U.S. housing features space and amenities unimaginable to any but the wealthiest individuals in most other countries. Yet, housing costs have skyrocketed in the last decade, pricing home ownership out of the range of many working families. Market-rate housing is

completely unaffordable for the lowest-income wage earners in South Texas border areas. Housing is the largest consumer of land in Maverick County and one of the most important factors in the lives of people. It directly affects our quality of life – our health, safety, and welfare.

Social Planning

Maverick County's SHC's strategic plan focuses largely on physical planning and thus does not address social planning in depth. It is important, however, that many of the issues of concern as far as social planning goes have physical roots: quality of neighborhood services, land-use patterns within the targeted colonias; access of disadvantaged people to grocery stores, medical facilities; schools and other essential services. Although the SHC's planning process focuses heavily on the physical environment, social planning will be an important component of the SHC's 2006-2008 planning process.

Maverick County is located in the rolling mesquite terrain of Southwest Texas on the Mexican border. This 1,279 square mile border area is several hours' drive from both Laredo and San Antonio, nowhere near any urban centers, and thus forced to be a self-reliant area.

Any project has to start with funds raised locally, and the largest single source of local funding for the County is property taxes. The County is dependent on local tax revenues, yet the majority of the county's taxable property consists of large agriculture operations that are provided substantial agriculture exemptions. In addition, the average dwelling in Maverick County has a taxable value of \$23,000.00 (Maverick County Appraisal District). These factors alone puts the County at severe limitations as far as being able to raise enough revenues to furnish colonia residents much in the way of the living standards that the rest of America's citizens have come to expect.

Research done by The LBJ School of Social Work at The University of Texas at Austin reveals dramatic differences between quality of life in the colonias of Texas as compared to surrounding areas and metropolitan areas. The following information is excerpted from this research except where noted.

The Maverick County Colonias (Loma Bonita, Las Brisas and Las Quintas) targeted for this project are characterized by high poverty, high levels of illiteracy and low levels of educational attainment, high unemployment, and an uneven distribution of wealth. One hundred percent of the students from these targeted colonias are enrolled in the Eagle Pass ISD (Maverick County) Federal Free and Reduced Lunch Program (Texas Education Agency-2003 PIEMS Report). The area exports raw materials, people and profits, and imports finished goods and services, features a declining local public tax and revenue base, and a rapidly growing demand for public assistance. In addition, these colonias have received less than their share of state and federal resources. For example, the area along the U.S./Mexico border has 20% of the state population, but receives only 10% of the state's funds devoted to higher education. Located on the Mexico border, one of the disparate economic borders between two nations in the world, the region is truly unique among America's rural regions.

According to the Texas State Comptroller's office, Maverick County is the second poorest county in Texas and the eighth poorest in the United States. The median level of education completed by those 25 years of age or older is 7.6 years (Texas Education Agency PIEMS report, 2003). With an unemployment rate of 23.6% and a poverty level of 62%, the vast majority of Maverick County's citizens residing in Loma Bonita, Las Brisas and Las Quintas simply cannot afford adequate housing. In addition, the unprecedented rate of growth in our community is rapidly overwhelming the County's capacity to adequately deal with the problems that usually accompany any significant degree of poverty. The Colonia growth in Maverick County has challenged residents, as well as county,

state and federal governments to seek ways to improve the quality of life in the colonias.

Maverick County's Self-Help Center has been established to assist colonia residents in improving the quality of their lives. Community Development Block Grant funds operate and fund vital programs at the Self-Help Center. The project's target area selected by Maverick County Commissioner's Court is located adjacent to the southeast city limits of Eagle Pass. The area was selected for the following reasons:

1. The area has been the subject of various programs and efforts on behalf of Federal, state, County and city efforts to improve the living standards of the residents. Funding via a combination of grants and loans to address water and sewer improvements have been received from the Texas Water Development Board, Texas Department of Housing and Community Affairs and the Farmer's Home Administration. The City of Eagle Pass and the County of Maverick have also provided funding to the area.
2. The residents of the area have organized into a state chartered non-profit organization (Community Colonias Organization), to carry out citizen initiatives to improve the living conditions in their community.
3. The residents of the area have demonstrated their willingness and talents to help themselves. These citizens were instrumental in prioritizing their needs and corresponding goals and objectives.

Target areas selected for the project are Loma Bonita, Las Quintas, and Las Brisas. These three areas contain a total of 1,717 lots of which 1,116 have family dwellings on them. All three colonias were developed prior to 1987. Total population within the project area is 4,442 and growing. SHC staff have conducted a comprehensive needs assessment within the area designed to establish goals as related to home rehabilitation needs. 182 residents were

interviewed from the Loma Bonita colonia area, 42 in Las Quintas, and 49 in Las Brisas.

Needs Assessment for targeted areas.

Loma Bonita is adjacent to the south city limits of the City of Eagle Pass and is comprised of 289 acres, which have been subdivided into 948 lots of which 712 have been developed. The area has gone through the platting process and is listed as a Texas Water Development Board Colonia No. 1620008. Current estimated population is 3,025. The average lot size located in this subdivision is 13,280 square feet. The City of Eagle Pass Water Works System provides water and waste water services to the residents. Trash collection is provided through a contract with Waste Management. Central Power and Light Co. provides all electrical services. The Maverick County Sheriff's Department provides security and the City of Eagle Pass Fire Department provides fire protection.

Loma Bonita park is one of the best examples of City/County joint use of resources in improving colonia areas. The County improved the park by installing a pavilion and improving the intersecting street and drainage system. The City and County have worked cooperatively to improve the park and as a result has created a beautiful park and recreation area for the community.

Loma Bonita

Housing

# of dwellings	788
# occupied dwellings	756
# standard dwellings	418
# deteriorated dwellings	342
# dilapidated dwellings	28
Estimated housing rehabilitation cost	\$6,486,000
Average rehabilitation cost per dwelling	\$ 17,530

Water Service

Water supplier	City of Eagle Pass
Water connections needed	236
Estimated cost for water distribution	\$285,000
Estimated cost for water connection	\$ 44,368
Total estimated cost for water service	\$379,596
Estimated cost per water service	\$ 1,396

Waste Water Service

Waste water provider	City of Eagle Pass
Waste water connections needed	236
Estimated cost waste water collection	\$200,000
Estimated cost for wastewater service	\$179,596
Total estimated cost wastewater service	\$379,596
Estimated cost per wastewater service	\$ 1,608

Streets & Drainage

Existing street surface	Surface course and HMAC
Total lineal footage of roadway	44,000
Estimated cost of street and drainage Improvements	\$4,300,000
Total estimated cost of improvements	\$11,494,964

Las Quintas is adjacent to the east city limits of Eagle Pass and is composed of 242 acres, which have been subdivided into 722 lots of which 322 have been developed. This colonia has gone through the platting process and is identified as Texas Water Development Board Colonia No. 1620021. The current estimated population is 1,350 and the average lot size is 14,600 square feet. Because of the new Maverick County Water project, the City of Eagle Pass Water Works

System has merged the El Indio Water Works and is now operating as a single unified entity. Due to this merger and beginning June of 2005 trash collection is now available to all residents of Las Quintas. Central Power and Light Company provides electrical service, the Maverick County Sheriff's Department provides security and the City of Eagle Pass provides fire protection.

Las Quintas is currently experiencing severe water pressure and quality issues. With the advent of construction of the new County-wide water system the families living within this area will be assured of a long term, safe and dependable water supply source.

Las Quintas

Housing

No. of dwellings	470
No. occupied dwellings	452
No. standard dwellings	306
No. deteriorated dwellings	144
No. dilapidated dwellings	20
Estimated housing rehabilitation cost	\$2,928,000
Average rehab cost per dwelling	\$ 17,854

Water Service

Water supplier	City of Eagle Pass
Water service connection needed	400
Estimated cost for water distribution	\$1,475,000 (upgrade cost)
Estimated cost for water connection	\$ 208,000
Total estimated cost for water service	\$1,683,000
Estimated cost per water service	\$ 2,331

Waste water service

Water provider	City of Eagle Pass
Wastewater connections needed	400
Est. cost for wastewater collection	\$270,000
Est. cost for wastewater connection	\$304,000
Total est. cost wastewater service	\$574,400

Street and Drainage

Existing street surface	Surface course/HMAC
Total lineage footage of road	33,100
Total est. cost of streets and drainage	\$3,895,000

Las Brisas is adjacent to the south and east city limits of the City of Eagle Pass and is comprised of 14 acres, which have been subdivided into 47 lots of which 38 have been developed. The Colonia is unrecorded and is listed as Texas Water Development Board Colonia # 1620004. The current estimated population is 67 and the average lot size is 12,980 square feet. The City of Eagle Pass Water Works System provides water, wastewater services and trash collection. Central Power and Light Co. provides electrical service to the area. Security is provided by the Maverick County Sheriffs' Department and fire protection is available from the City of Eagle Pass Fire Department.

The County will continue to work with the residents in platting this area. Once platted, the appropriate improvements will be installed to meet City of Eagle Pass standards and a petition for annexation will be considered. Once annexed into the city, the County will concentrate it's efforts in other areas of greater need within the County's jurisdiction.

Las Brisas

Housing

No. of dwellings	38
No. of occupied dwellings	37
No. of standard condition	34
No. of deteriorated dwellings	3
No. of dilapidated dwellings	0
Estimated housing rehab. cost	\$51,000
Average rehab. cost per dwelling	\$17,000

Water Service

Water supplier	City of Eagle Pass
Water service connections needed	9
Estimated cost water distribution	\$171,000 (upgrade cost)
Est. cost water connection	\$ 1,692
Total est. cost for water services	\$172,692
Est. cost per water service	\$ 3,674

Waste Water Service

Waste water provider	City of Eagle Pass
Wastewater connections needed	17
Est. cost for wastewater collection	\$30,000
Est. cost for wastewater connection	\$12,937
Total est. cost for wastewater service	\$42,937
Est. cost per wastewater service	\$ 2,526

Street and Drainage

Existing street surface	Gravel, caliche, surface course
Total lineal footage of road	2,150
Total est. cost street & drainage	\$355,000

The Maverick County SHC's strategic plan for fiscal years 2006 – 2008 will make available critically needed rehabilitation services to the targeted areas of Loma Bonita, Las Brisas, and Las Quintas. The plan is specifically designed to provide full support on conventional home ownership, first time homebuyer's consumer education, tool training, construction skills and infrastructure development. The Center maintains a homeowner tool lending service and provides colonia residents with technical assistance for home repairs and maintenance. The Center often serves as advocates for the development of adequate infrastructure for the colonias of Maverick County. The SHC also builds homes, provides home ownership and credit counseling, promotes business development and provides services to promote self-sufficiency and improve colonia living conditions within Maverick County. The Maverick County Commissioner's Court supplies full support of these activities and works in accomplished coordination with the Maverick County SHC.

Because of the potentially serious consequences for public health and its effect on quality of life, one of the greatest concerns regarding the Maverick County Colonias is the lack of wastewater infrastructure and potable water. Through extensive work and genuine co-operation, Maverick County Commissioner's Court, The Eagle Pass City Council, El Indio Water Works and the City of Eagle Pass Water Works System has obtained funding (\$103 million) to provide potable water and a modern and efficient wastewater system that will cover and connect the colonia areas in the southern parts of Maverick County to include this project's targeted areas.

In the previous biennial contract (2003-2005), The Maverick County SHC benchmarks of accomplishment were as follows:

- o Self Help Center Grant, \$990,000. Provided assistance to 35 low- to-moderate colonia residents for home rehabilitation.

- Bootstrap Loan Program grant for \$374,400.00 to promote and enhance homeownership for very low income families by providing loans with which to build their homes. 12 families served.
- Owner Occupied Assistance (HOME Program) grant in the amount of \$254,800.00 to provide assistance to 35 families for rehabilitation of owner-occupied sub-standard homes.
- Homebuyer Assistance (HOME Program) in the amount of \$126,932.00 to assist 13 first time homebuyers with down payment assistance.
- Contract for Deed Conversion Program grant in the amount of \$514,800.00 to assist eligible residents convert their contract for deed and if needed rehabilitation of the homes and serving 9 families.
- Federal Home Loan Bank – Down payment assistance for \$100,000.00 to provide down payment assistance to first time homebuyers to serve 25 families.

For the contract period, (2006-2008) the Maverick County SHC will structure a multifaceted, comprehensive and innovative plan that will address the peculiar needs of the citizens of Maverick County. This strategic plan will incorporate three important factors that will ensure Maverick County's strategic plan is comprehensive:

- Inclusion of all the land area subject to the planning or regulatory jurisdiction of Maverick County;
- Inclusion of all subject matter related to the physical development of the community; and
- A relative long planning horizon.

The Mission of The Maverick County Self-Help Center is to improve the quality of life for all it's citizens. The combination of community-based activities outlined in this proposal are designed to improve living conditions and enrich the lives for our low to moderate-income populations. This mission shall be accomplished by

focusing on the conditions, issues, challenges and opportunities that exist in the Maverick County colonias of Loma Bonita, Las Brisas, and Las Quintas. The project will involve citizens in their everyday lives and motivate them to develop lifelong habits of stewardship and citizenship. Through the project's goals, citizens will be able to identify community challenges and voice positive solutions to these challenges.

The SHC project will assist in the creation and expansion of housing development capacity for the targeted colonias. The project will promote a strong, effective, and supportive role to the neediest of our community. Complete and effective coordination of this project between the Maverick County Commissioner's Court and the SHC is the key to reaching and maintaining project goals and objectives.

This project has identified six (6) major issues that are affecting the County's colonia areas. These issues include:

- Infrastructure
- Health care
- Police & Security
- Fire protection
- Employment
- Housing

There exists today a lack of paved roads, storm drainage facilities, plus shortages of water and sewer connections. Water and wastewater services to the target areas will be greatly alleviated by the multi-million grant/loan package negotiated by the City of Eagle Pass Water Works System. Construction for this extensive project has begun and is scheduled for completion by late 2006 to early 2007.

The Maverick County SHC will activate strategies for residents lacking health and human services resources. The 2006-2008 plan will create health strategies focused on upgrading the standard of living for residents. The SHC, in

collaboration with the Maverick County Mental Health Mental Retardation Center, will address community issues such as mental illness, drug treatment, child abuse accompanied with escalating family violence in the area. The SHC/Mental Health Mental Retardation Center will look at means of attracting facilities and professionals to the project's targeted areas.

With an ever escalating and violent drug war being waged across the Rio Grande River, security is a major concern among Maverick County residents. The SHC will investigate and apply for funding from all appropriate federal and state 'Request for Proposals' concerning crime and criminal justice. Major efforts will be made to create partnerships between the SHC, the Maverick County Sheriff's Department, Eagle Pass Police Department, Eagle Pass ISD Police Department, Texas Department of Public Safety plus all Department of Homeland Security agencies operating in the area. These collaborations will add a coherent element within the areas that has, heretofore, not been present. These initiatives will greatly enhance and strengthen proposals for funding in this strategically important sector.

Formative evaluation will be conducted to document project stakeholders' experience with respect to the project, and then to analyze these experiences in the context of the projects' goals and objectives so that problems can be isolated and corrected. The formative evaluation will assess all areas of the program's implementation, including community collaborations and partnerships and community action projects. To assess program outcomes, two data collection methods will be used: Standardized questionnaires and in-depth interviews.

Since the project's goals and objectives are related specifically to outcomes for the targeted colonia's, the summative evaluation will be from the citizens perspective. The summative evaluation will provide a final assessment of the

collaboration with the Maverick County Mental Health Mental Retardation Center, will address community issues such as mental illness, drug treatment, child abuse accompanied with escalating family violence in the area. The SHC/Mental Health Mental Retardation Center will look at means of attracting facilities and professionals to the project's targeted areas.

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Since the project's goals and objectives are related specifically to outcomes for the targeted colonia's, the summative evaluation will be from the citizens perspective. The summative evaluation will provide a final assessment of the proposed project over the project years 2006-2008.

1. TYPE OF SUBMISSION Application <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Non-Construction Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	2. DATE SUBMITTED	Applicant Identifier
	3. DATE RECEIVED BY STATE	State Identifier
	4. Date Received by Federal Agency	Federal Identifier

5. APPLICANT INFORMATION	
Legal Name: County of Maverick	Organizational Unit: Maverick County
Address (City, State, Zip code and County) 500 Quarry St. - Suite 3 Eagle Pass, TX 78852	Name/Title, Agency or Company, Address, Area Code and Telephone Number of Application Preparer. Maverick County Planning Dept 500 Quarry St. - Suite 13 Eagle Pass, TX 78852
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 1-74-60007028000	7. TYPE OF APPLICANT: (check where appropriate below) A Municipal <input type="checkbox"/> B County <input checked="" type="checkbox"/>
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	9. NAME OF FEDERAL AGENCY: Office of Rural Community Affairs
11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Maverick County Colonia Self Help Center 2006-2008	10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14-228 TITLE: Texas Community Development Program
12. TARGET AREA(S) AFFECTED BY PROJECT: Loma Bonita, Las Quintas, & Las Brisas Colonias	11a TYPE OF APPLICATION: (check where appropriate below) <input checked="" type="checkbox"/> Community Development Fund <input type="checkbox"/> Colonia Construction Fund <input type="checkbox"/> Housing Rehabilitation Fund
	13. APPLICANT'S FISCAL YEAR: Beginning Date <u>10-01</u> Ending Date <u>09-30</u>

14. CONGRESSIONAL DISTRICTS OF: a. Representative: _____ b. Senate: _____ c. Congress: _____

15. ESTIMATED FUNDING:	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
	<input checked="" type="checkbox"/> YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____
	<input type="checkbox"/> NO <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372
	<input type="checkbox"/> OR Program Has Not Been Selected By State For Review
	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
	<input type="checkbox"/> Yes If "Yes" attach an explanation <input checked="" type="checkbox"/> No
	g. TOTAL \$ 1,406,444.00

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE CERTIFICATIONS AND CITIZEN PARTICIPATION PLAN INCLUDED IN THE PROCEDURES SECTION OF THE TCDP APPLICATION GUIDE IF THE ASSISTANCE IS AWARDED.

a. Typed Name of Authorized Representative Hon. Jose A. Arango, Jr.	b. Title County Judge	c. Telephone Number 830/773-3824
d. Signature of Authorized Representative		e. Date Signed 2-1-06

RESOLUTION

WHEREAS, the Commissioners' Court of the County of Maverick desires to develop a viable urban community, including decent housing and a suitable living environment and expanding economic opportunities, for persons of low/moderate income; and

WHEREAS, Commissioners' Court decision is in the best interest of the county, to develop decent housing and suitable living environment; and

WHEREAS, it is necessary and in the best interest of the County of Maverick to apply for funding under the 2005 Office of Colonia Initiatives Fund (OCI).

That a Colonia Self-Help Center Project application for the Office of Colonia Initiatives Fund is hereby authorized to be filed on behalf of the County with the Texas Department of Housing and Community Affairs (TDHCA).

That this application be for \$1,406,444.00 to carry out Housing Rehabilitation improvements in the following Colonias – Loma Bonita, Las Brisas, and Las Quintas.

THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS' COURT OF MAVERICK COUNTY, TEXAS, that:

Commissioners' Court of the County of Maverick hereby approves the submission of a Colonia Self-Help Center project application to the Texas Department of Housing and Community Affairs (TDHCA) under the Office of Colonia Initiatives (OCI); and authorizes the County Judge to act as the county's executive officer and authorized representative in all matters pertaining to the county's participation in the Colonia Self-Help Center project.

DULY ADOPTED BY VOTE OF MAVERICK COUNTY COMMISSIONERS COURT SITTING IN SPECIAL SESSION IN THE COUNTY SEAT OF EAGLE PASS, TEXAS ON THIS THE 8TH DAY OF DECEMBER, 2005.

ATTEST:



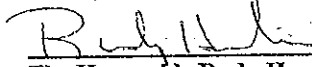
The Honorable Sara Montemayor
County Clerk



The Honorable José A. Aranda, Jr.
County Judge



The Honorable Eliaz Maldonado
County Commissioner, Precinct One



The Honorable Rudy Heredia
County Commissioner, Precinct Two

Against

The Honorable David R. Saucedo
County Commissioner, Precinct Three



The Honorable César Flores
County Commissioner, Precinct Four



EXHIBIT A

PERFORMANCE STATEMENT

MAVERICK COUNTY

Contract shall carry out the following activities in the target area identified in its 2006/2008 Maverick County Self Help Center Program Proposal. Contract shall ensure that the amount of funds expended for each activity described herein does not exceed the amount specified for such activity in Exhibit B, Budget.

(1) ACQUISITION, DISPOSITION AND TITLE WORK \$3,300.00

- **Title Search Work \$3,300.00**
Contractor shall utilize (three thousand three hundred dollars) \$3,300 to acquire twelve (12) title search work for occupied property sites to determine if there are any liens on property for clear ownership title in colonia **Loma Bonita**

These activities shall benefits twelve (12) families of which twelve (12) families or one hundred percent (100%) are low to moderate income.

Total: 12 Title Search Works

7 Public Services

- **Outreach \$1,500.00**
Contractor (Maverick County) shall contract with a non-profit organization to disseminate information regarding all Self Help Center Activities and related programs to approximately five hundred (500) targeted colonia residences during the two (2) year contract period. The nonprofit will distribute flyers door to door to inform and refer colonia residents to visit the Self Help Center for activity updates and inform them of available resources. Contractor shall utilize five hundred dollars (\$500) to carryout this activity in **colonia Loma Bonita**.

These activities shall benefit 500 individuals of which 500 individuals or one hundred percent (100%) are of low to moderate income.

Contractor (Maverick County) shall contract with a non-profit organization to disseminate information regarding all Self Help Center Activities and related programs to approximately five hundred (500) targeted colonia residences during the two (2) year contract period. The nonprofit will distribute flyers door to door to inform and refer colonia residents to visit the Self Help Center for activity updates and inform them of available resources. Contractor shall utilize five hundred dollars (\$500) to carryout this activity in colonia **Las Quintas**.

These activities shall benefit 500 individuals of which 500 individuals or one hundred percent (100%) are of low to moderate income.

Contractor (Maverick County) shall contract with a non-profit organization to disseminate information regarding all Self Help Center Activities and related programs to approximately five hundred (500) targeted colonia residences during the two (2) year contract period. The nonprofit will distribute flyers door to door to inform and refer colonia residents to visit the Self Help Center for activity updates and inform them of available resources. Contractor shall utilize five hundred dollars (\$500) to carryout this activity in colonia **Las Brisas**.

These activities shall benefit 500 individuals of which 500 individuals or one hundred percent (100%) are of low to moderate income.

- **Technical Assistance \$3,000.00**

As a component of the outreach contractor shall further conduct two hundred and fifty (250) technical assistance visits to the targeted area colonia residents. Contractor will assist the colonia residents with the program application, loan processing, as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the Self Help Center activities. Contractor shall utilize one thousand one hundred (\$1,100) dollars to carryout this activity in colonia **Loma Bonita**.

These activities shall benefit one thousand (1000) persons, of which one thousand (1000) or one hundred percent (100%) are of low to moderate income.

As a component of the outreach contractor shall further conduct two hundred and fifty (250) technical assistance visits to the targeted area colonia residents. Contractor will assist the colonia residents with the program application, loan processing, as well as preparation of other documentation. Contractor shall conduct home site visits to provide technical assistance to participants of the Self Help Center activities. Contractor shall utilize one thousand one hundred (\$1,100) dollars to carryout this activity in colonia **Las Quintas**.

These activities shall benefit one thousand (1000) persons, of which one thousand (1000) or one hundred percent (100%) are of low to moderate income.

As a component of the outreach contractor shall further conduct two hundred and fifty (250) technical assistance visits to the targeted area colonia residents. Contractor will assist the colonia residents with the program application, loan processing, as well as preparation of other documentation. Contractor shall conduct home site visits to provide

technical assistance to participants of the Self Help Center activities. Contractor shall eight hundred (\$800) dollars to carryout this activity in colonia **Las Brisas**.

These activities shall benefit eight hundred (800) persons, of which eight hundred (800) or one hundred percent (100%) are of low to moderate income.

- **Homeownership/Construction Classes** **\$4,800.00**
Contractor shall utilize one thousand six hundred dollars (\$1,600.00) to assist twenty (20) colonia residents with not less than two (2) homeownership/Construction classes during the two (2) year program period. Colonia residents shall receive information that will assist in their preparation of becoming homeowners, program expectations, money management (saving and checking), home features, house insurance, taxes, importance of maintenance and repair, warranty plan, payment processing, and contract information regarding utilities, house appliances (independent warranties), county tax office and creating a living will. The resident will also be offered pre-construction phases and follow-up session will be provided post-construction in colonia **Loma Bonita**.

These activities shall benefit eighty (80) persons, of which eighty (80) persons or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize one thousand six hundred dollars (\$1,600.00) to assist twenty (20) colonia residents with not less than two (2) homeownership/Construction classes during the two (2) year program period. Colonia residents shall receive information that will assist in their preparation of becoming homeowners, program expectations, money management (saving and checking), home features, house insurance, taxes, importance of maintenance and repair, warranty plan, payment processing, and contract information regarding utilities, house appliances (independent warranties), county tax office and creating a living will. The resident will also be offered pre-construction phases and follow-up session will be provided post-construction in colonia **Las Quintas**.

These activities shall benefit eighty (80) persons, of which eighty (80) persons or one hundred percent (100%) are of low to moderate income.

Contractor shall utilize one thousand six hundred dollars (\$1,600.00) to assist twenty (20) colonia residents with not less than two (2) homeownership/Construction classes during the two (2) year program period. Colonia residents shall receive information that will assist in their preparation of becoming homeowners, program expectations,

money management (saving and checking), home features, house insurance, taxes, importance of maintenance and repair, warranty plan, payment processing, and contract information regarding utilities, house appliances (independent warranties), county tax office and creating a living will. The resident will also be offered pre-construction phases and follow-up session will be provided post-construction in colonia **Las Brisas**.

These activities shall benefit eighty (80) persons, of which eighty (80) persons or one hundred percent (100%) are of low to moderate income.

- **Tool Library/Classes \$48,197.50**

Contractor shall ensure that one hundred (100) tool checkouts are completed and that three (3) tool safety classes are completed in colonia **Loma Bonita**.

Contractor will utilize sixteen thousand sixty five dollars and eighty three cents (\$16,065.83) for tools and accessories for the tool lending library and classes.

These activities shall benefit one hundred (100) persons, of which one hundred (100) or one hundred percent (100%) are low to moderate income.

Contractor shall ensure that one hundred (100) tool checkouts are completed and that three (3) tool safety classes are completed in colonia **Las Quintas**.

Contractor will utilize sixteen thousand sixty five dollars and eighty three cents (\$16,065.83) for tools and accessories for the tool lending library and classes.

These activities shall benefit one hundred (100) persons, of which one hundred (100) persons or one hundred percent (100%) are low to moderate income.

Contractor shall ensure that one hundred (100) tool checkouts are completed and that three (2) tool safety classes are completed in colonia **Las Brisas**.

Contractor will utilize sixteen thousand sixty five dollars and eighty three cents (\$16,065.83) for tools and accessories for the tool lending library and classes.

These activities shall benefit one hundred (100) persons, of which one hundred (100) persons or one hundred percent (100%) are low to moderate income.

- **Solid Waste Management \$18,272.50**

Contractor shall utilize six thousand ninety dollars and eighty three cents (\$6,090.83) to assist eleven (11) colonia residents for solid waste management activities such as clean-up lots, the removal of non workable vehicles (junk cars), and trash pick up campaigns for colonia **Loma Bonita**.

These activities shall benefit one hundred forty (140) persons, of which one hundred forty (140) persons or one hundred percent (100%) are low to moderate income.

Contractor shall utilize six thousand ninety dollars and eighty three cents (\$6,090.83) to assist eleven (11) colonia residents for solid waste management activities such as clean-up lots, the removal of non workable vehicles (junk cars), and trash pick up campaigns for colonia **Las Quintas**.

These activities shall benefit one hundred forty (140) persons, of which one hundred forty (140) persons or one hundred percent (100%) are low to moderate income.

Contractor shall utilize six thousand ninety dollars and eighty three cents (\$6,090.83) to assist eleven (11) colonia residents for solid waste management activities such as clean-up lots, the removal of non workable vehicles (junk cars), and trash pick up campaigns for colonia **Las Brisas**.

These activities shall benefit one hundred forty (140) persons, of which one hundred forty (140) persons or one hundred percent (100%) are low to moderate income.

- **Proposal Research and Development \$4,000**

Contractor shall submit no less than three (3) proposals in the two (2) year program period. The Self Help Center shall utilize four thousand dollars (\$4,000) to carry out this activity in the Colonias- Loma Bonita, Las Brisas, and Las Quintas.

Rehabilitation

- **Residential Rehabilitation \$446,930.00**
YEAR ONE- \$203,150.00

Contractor shall rehabilitate approximately four (4) owner-occupied housing units at a cost of eighty one thousand two hundred sixty dollars (\$81,260) in colonia **Loma Bonita**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards.

Contractor shall rehabilitate approximately three (3) owner-occupied housing units at a cost of sixty thousand nine hundred forty five dollars (\$60,945.00) in colonia **Las Quintas**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards

Contractor shall rehabilitate approximately three (3) owner-occupied housing units at a cost of sixty thousand nine hundred forty five dollars (\$60,945.00) in colonia **Las Brisas**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards

YEAR TWO- \$243,780.00

Contractor shall rehabilitate approximately four (4) owner-occupied housing units at a cost of eighty one thousand two hundred sixty dollars (\$81,260) in colonia **Loma Bonita**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards.

Contractor shall rehabilitate approximately four (4) owner-occupied housing units at a cost of eighty one thousand two hundred sixty dollars (\$81,260) in colonia **Las Quintas**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards.

Contractor shall rehabilitate approximately four (4) owner-occupied housing units at a cost of eighty one thousand two hundred sixty dollars (\$81,260) in colonia **Las Brisas**. Contractor shall bring these housing units into compliance with HUD Colonia Housing Standards.

Administration, Planning, and Management \$240,000.00

- **Self Help Center Administration \$190,000**
Self Help Center shall utilize up to one hundred ninety thousand dollars (\$190,000) to carryout the day-to-day operations for the self help center. There is a new position that was created the Housing Specialist that has been added to the Self Help Center staff. His duties will be the following:
 1. Meeting clients on a day to day basis
 2. Preparing client folders
 3. Along with Center Director determine eligibility of clients
 4. Working closely with contracts and families
 5. Do on site monitoring of projects
 6. All other duties assigned by Center Director and Executive Director

- **County Administration \$50,000**
The County of Maverick shall utilize up to fifty thousand (\$50,000) dollars to oversee the operation of the Colonia Self Help Center Program and will prepare all draw down requests for the center. The Director of the Self Help Center will be required to present a written

status report to Commissioner's Court at every regular monthly session.

- **Contract Employment \$52,000**

In addition, CASSE will contract out for professional service for a computer technician and a tool library/housing inspector. Their duties will be as follows:

Computer Technician @ \$20,000.00/yr

The Computer Technician will be responsible for maintaining all technical equipment at the self help center and computer lab; he will be available for individual instruction to any and all visitors to the computer lab; he will perform all the coordination of class instruction at least two (2) days of the week and be responsible to make all equipment accessible to utilize for all social services to visit the self help center. There will be a county match of \$10,000 per year.

Tool Library/Inspector @ \$16,000/yr

Tool Library/Inspector will be responsible for assisting clients in locating and applying for affordable housing, assessing client's housing needs, creating service plans, teaching housing related skills and maintain a tool library and inspecting homes during and at the completion of construction.

NEW CONSTRUCTION

- **New Construction \$228,000**

- **Year One-\$228,000**

Contractor shall construct in partnership with the Texas Bootstrap Loan Program approximately twelve (12) new owner-occupied housing units at a cost of two hundred twenty eight thousand dollars (\$228,000) for the units and bring these housing units into compliance with Colonia Housing Quality Standards in colonia **Loma Bonita**.

SELF HELP HOME REPAIR \$150,000.00

- **Year One- \$75,000**

Contractor shall utilize up to two thousand five hundred dollars (\$2,500) per family to assist ten (10) **Loma Bonita** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

Contractor shall utilize up to thousand five hundred dollars (\$2,500) per family to assist ten (10) **Las Quintas** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

Contractor shall utilize up to thousand five hundred dollars (\$2,500) per family to assist ten (10) **Las Brisas** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

- **Year Two- \$75,000**

Contractor shall utilize up to thousand five hundred dollars (\$2,500)per family to assist ten (10) **Loma Bonita** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

Contractor shall utilize up to thousand five hundred dollars (\$2,500)per family to assist ten (10) **Las Quintas** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

Contractor shall utilize up to thousand five hundred dollars (\$2,500)per family to assist ten (10) **Las Brisas** families with small repairs to their home for a total of twenty five thousand dollars (\$25,000) for self help home repair activity.

**MAVERICK COUNTY COLONIA
SELF HELP CENTER
PROPOSED BUDGET
2006-2008**

Salaries/Fringe Benefits	Year 1	Year 2	total
Center Director/Grant Writer	\$ 26,000.00	\$ 26,000.00	\$ 52,000.00
Administrative Assistant	\$ 13,440.00	\$ 13,440.00	\$ 26,880.00
Housing Specialist	\$ 10,500.00	\$ 10,500.00	\$ 21,000.00
Executive Director	\$ 7,000.00	\$ 7,000.00	\$ 14,000.00
Finance Officer	\$ 8,000.00	\$ 8,000.00	\$ 16,000.00
Total Salaries	\$ 64,940.00	\$ 64,940.00	\$ 129,880.00
Fringe Benefits			\$ -
FICA			\$ -
Workmen's Compensation			\$ -
Unemployment Insurance			\$ -
Health Insurance			\$ -
Retirement Plan			\$ -
Total Fringe Benefits	\$ 16,256.00	\$ 16,256.00	\$ 32,512.00
Total Salaries/Fringe Benefits	\$ 81,196.00	\$ 81,196.00	\$ 162,392.00
Operations and Equipment			\$ -
Travel/Meals/Mileage	\$ 3,750.00	\$ 3,750.00	\$ 7,500.00
Office Supplies/Furniture	\$ 2,754.00	\$ 2,754.00	\$ 5,508.00
Internet Services	\$ 1,200.00	\$ 1,200.00	\$ 2,400.00
Advertising	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00
Copier Machine (Lease)	\$ 2,100.00	\$ 2,100.00	\$ 4,200.00
Postage and Freight	\$ 500.00	\$ 500.00	\$ 1,000.00
Audit Cost	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00
Total Operating Cost	\$ 13,804.00	\$ 13,804.00	\$ 27,608.00
Total Admin Budget Per Year	\$ 95,000.00	\$ 95,000.00	\$ 190,000.00
Total County Administration Cost	\$ 25,000.00	\$ 25,000.00	\$ 50,000.00
Total	\$ 120,000.00	\$ 120,000.00	\$ 240,000.00

Program Costs			\$	-
Solid Waste Management	\$ 9,136.25	\$ 9,136.25	\$	18,272.50
Rehabilitation (10 Houses @ \$20315.00 yr1) 12 houses @ \$20,315.00 yr 2)	\$ 203,150.00	\$ 243,780.00	\$	446,930.00
New Construction (12 Houses @ \$19,000 Year 1)	\$ 228,000.00	\$ -	\$	228,000.00
Lot Acquisition, Surveys, Title, Closing Costs	\$ 3,300.00	\$ -	\$	3,300.00
Homeownership Classes/Construction	\$ 2,400.00	\$ 2,400.00	\$	4,800.00
Contract Employment	\$ 26,000.00	\$ 26,000.00	\$	52,000.00
Outreach/Technical Assistance	\$ 2,250.00	\$ 2,250.00	\$	4,500.00
Proposal Research/Development	\$ 2,000.00	\$ 2,000.00	\$	4,000.00
Self Help Home Repair @ \$2,500 30 houses per year	\$ 75,000.00	\$ 75,000.00	\$	150,000.00
Tool Library/Classes	\$ 24,098.75	\$ 24,098.75	\$	48,197.50
Total Program Cost	\$ 575,335.00	\$ 384,665.00	\$	960,000.00
Self Help Administration	\$ 95,000.00	\$ 95,000.00	\$	190,000.00
Total Budget Per Year	\$ 695,335.00	\$ 504,665.00	\$	1,200,000.00

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, Discussion and Possible Approval of Texas Bootstrap Loan Program contract extension.

Required Action

Approve or deny the request for extension.

Background

The Texas Bootstrap Loan Program was created in 1999 by the 76th Legislature Senate Bill 1287, which was encoded into Chapter 2306, Subchapter FF of the Texas Government Code, to make available each state fiscal year \$3 million for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed \$30,000 per unit. Generally, this program is funded with Housing Trust Funds. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing home through sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home. All applicable building codes and housing standards are adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources such as private lending institutions, local governments, or any other sources. However, all combined repayable loans can not exceed \$60,000 per unit. The Department is required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds (2/3) of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region and East Texas. The remaining one-third (1/3) of the funding is available statewide.

The 2006 Housing Trust Fund Rules in the Texas Administrative Code, Title 10, Part 1 Chapter 1, Rule §51.8(d) states "The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Housing Trust Fund development proposal or written agreement provided that" (2) "in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award."

The nonprofit organizations periodically request amendments to modify contract terms or performance requirements specified in Section 13.1 of the Texas Bootstrap Loan Program Contract. Contract extensions are the most commonly requested type of amendments.

Edinburg Housing Opportunity Corporation (EHOC):

EHOC located in Edinburg, Hidalgo County, Texas previously requested an amendment to extend the contract end date as the result of unforeseen delays in implementing the Program and identifying families. The contract start date was August 1, 2004; the first amendment extended the end date of the contract by 6 months, from August 31, 2006 to February 28, 2007.

EHOC is requesting a second amendment to extend the end date of their contract from February 28, 2007 to September 30, 2007. EHOC has completed nine homes and has an additional eight homes under construction. The eight houses currently under construction are 50% completed. The Department has released 90% of the construction cost for these eight homes, as allowed by program rules as an up-front cost to build the homes. EHOC is also utilizing funds from the HOME Program. EHOC has requested and received an extension from the Department on the HOME Contract until September 30, 2007.

No additional families have been deemed eligible by the Department; therefore no work has started on the remaining three units awarded under this contract. The final three units awarded under this contract will be deobligated.

Amendment Number:	2
Activity Type:	Texas Bootstrap Loan Program
Contract Executor:	Isabel Mercado
Contract Contact:	Isabel Mercado
Contract Start Date:	August 1, 2004
Contract End Date:	February 28, 2007
Service Area:	Hidalgo County
Total Budget Amount:	\$624,000
Total Units Awarded:	20
Amount Drawn:	\$497,768.62
Units Completed:	9
Units Under Construction:	8
Amount Deobligated:	\$93,600
Units Deobligated:	3

Recommendation

Under Department policies additional extensions must be approved by the Board. Based on staff review we believe that EHOC would be able to complete the homes by September 30, 2007. If the Board approves an extension staff recommends the following conditions:

- EHOC agrees to provide the Department with a Monthly Contract Progress Report;
- No new projects started 90 days prior to end date;
- Grantee shall include in any subcontracts that failure to adequately perform under this Contract may result in penalties up to and including Debarment from performing additional work for the Department.

Edinburg Housing Opportunity Corporation
P.O. Box 8251
Weslaco, Texas 78599
956-968-5511
956-969-0598 (Fax)

RECEIVED
FEB 13 2007
10:58 AM

February 12, 2007

Mr. Homero Cabello
Office of Colonia Initiatives
Texas Dept. of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

RE: Edinburg Housing Opportunity Corporation

Dear Mr. Cabello:

The Edinburg Housing Opportunity Corporation is requesting an extension to our Colonia Bootstrap Contract. Construction has commenced on eight (8) homes and we anticipate completion of these homes on or before the end of May. According to our contractor, the homes should be 40% completed by the end of February. Due to extenuating circumstances and other problems we encountered, the date for commencement of construction was later than anticipated. After completion of the homes, there will be other items associated with this project (final inspections, closing, increment weather days, etc.) that will also require additional time from the date of completion to the closing date.

Our HOME contract expires sometime in August 2007. We would prefer the same expiration date for our Colonia Bootstrap Contract and our HOME Contract because we are using funds from both programs for this project. We sincerely appreciate all the cooperation we have received from the Office of Colonia Initiatives on this project. Do not hesitate to contact me should you require additional information.

Sincerely,



Isabel Mercado
Administrator

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, Discussion and Possible Approval of Texas Bootstrap Loan Program contract extension.

Required Action

Approve or deny the request for extension.

Background

The Texas Bootstrap Loan Program was created in 1999 by the 76th Legislature Senate Bill 1287, which was encoded into Chapter 2306, Subchapter FF of the Texas Government Code, to make available each state fiscal year \$3 million for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed \$30,000 per unit. Generally, this program is funded with Housing Trust Funds. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing home through sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home. All applicable building codes and housing standards are adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources such as private lending institutions, local governments, or any other sources. However, all combined repayable loans can not exceed \$60,000 per unit. The Department is required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds (2/3) of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region and East Texas. The remaining one-third (1/3) of the funding is available statewide.

The 2006 Housing Trust Fund Rules in the Texas Administrative Code, Title 10, Part 1 Chapter 1, Rule §51.8(d) states "The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Housing Trust Fund development proposal or written agreement provided that" (2) "in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award."

The nonprofit organizations periodically request amendments to modify contract terms or performance requirements specified in Section 13.1 of the Texas Bootstrap Loan Program Contract. Contract extensions are the most commonly requested type of amendments.

Community Services Agency of South Texas, Inc. (CSAST):

CSAST located in Carrizo Springs, Dimmit County, Texas previously requested an amendment to extend the contract end date as result of families withdrawing their applications from the Program. CSAST had completed all the appropriate documentation for four clients who withdrew at the last minute from the program and left CSAST with only seven applicants. The contract start date was August 1, 2004; the first amendment extended the end date of the contract by 6 months, from August 31, 2006 to February 28, 2007.

CSAST is requesting a second amendment to extend the end date of their contract from February 28, 2007 to December 31, 2007. CSAST is currently rehabilitating three homes; two of the homes are 80% completed and the remaining home is 40% completed. The Department has released 90% of the rehabilitation cost for these three homes, as allowed by program rules as an up-front cost to build the homes. CSAST has qualified four families which are ready to close and begin rehabilitation on their homes if the extension is granted.

No additional families have been deemed eligible by the Department; therefore no work has started on the remaining three units awarded under this contract. The final three units awarded under this contract will be deobligated.

Amendment Number:	2
Activity Type:	Texas Bootstrap Loan Program
Contract Executor:	David Ojeda, Jr.
Contract Contact:	David Avalos
Contract Start Date:	August 1, 2004
Contract End Date:	February 28, 2007
Service Area:	Dimmit & La Salle County
Total Budget Amount:	\$312,000
Total Units Awarded:	10
Amount Drawn:	\$81,824.23
Units Completed:	0
Units Under Construction:	3
Amount Deobligated:	\$93,600
Units Deobligated:	3

Recommendation

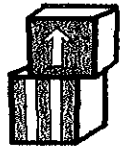
Under Department policies additional extensions must be approved by the Board. Based on staff review we believe that CSAST would be able to complete the homes by December 31, 2007. If the Board approves an extension staff recommends the following conditions:

- CSAST agrees to provide the Department with a Monthly Contract Progress Report;
- No new projects started 90 days prior to end date;
- Grantee shall include in any subcontracts that failure to adequately perform under this Contract may result in penalties up to and including Debarment from performing additional work for the Department.



Community Services Agency of South Texas, Inc.

P.O. Box 488
910 South 5th. Street
Carrizo Springs, Texas 78834-6488



Main Office 830-876-5219*E-mail:csaofsti@sbcglobal.net*Fax 830-876-5280*Head Start 830-876-3493* E-mail:csaheadstrt@sbcglobal.net

March 9, 2007

Homero Cabello
Office of Colonia Initiatives
Texas Department of Housing and Community Affairs
P.O. Box 78711-3941

Re: Texas Bootstrap Loan Program
Contract No. 854200

RECEIVED
MAR 13 2007
OFFICE OF COLONIA INITIATIVES

Dear Mr. Cabello:

This letter is to request an extension of 180 days which is necessary in order for our agency to comply with the program requirements and completion of seven rehabilitations which we have in progress. There have been numerous extenuating circumstances which have compelled us to submit this request.

During the original contract period, the agency had completed the applications and all required documentation on four clients who at the last minute withdrew their participation and left us with a void of approved clients. Three other clients who were in the process of completing their required documents also withdrew for personal, financial, and martial reasons. The approximate time when these clients were removed from the program was December, 2005. We had three clients, S. de Leon, J. Ponce, and M. Sanchez, who continued with the process.

We had to start the application process anew and were able to attract five new applicants (D. Garza, B. Guerrero, G. Vargas, C. Ruiz, and A. Ortiz). After starting the application process two of those listed could not continue for personal reasons. The approximate time of removal from the program was March 2006.

Currently we have seven clients who are pending completion of the program. Three clients have closed and their repair work is under construction with completion expected to occur very soon. Three are expected to close soon as they are in the process of obtaining some required documents. One client is waiting for approval as three clients are in the process of being deobligated from the original group.

There were other delays such as clients not being able to obtain required documents on a timely basis. This in turn caused delays for the agency because the applications were submitted late for approval by TDHCA. Three closing which were originally scheduled for January 2006 were eventually closed in July 2006 due to readjustments of closing costs and schedules. There is much construction activity in our area at the present time

"To serve as a catalyst to utilize available resources to improve the quality of life in our community"

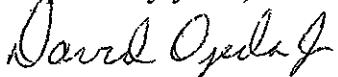
Visit our website @ www.csaofsti.com

Page 2

which has affected the availability of contractors to participate in the program. When there is a supply and demand problem construction prices go up and we have to be competitive to attract contractors to help our clients. Our rural and isolated geographical area makes it difficult to find certified, licensed and bonded contractors. Therefore we must take what we can find despite the high prices which they are demanding.

We would like to finish the program for the clients who we have pending as they are already under way and they do need the assistance. We feel we can complete the repairs with the extension of time being requested. Your cooperation and understanding in this matter is greatly appreciated and if you have any questions please feel free to contact me or David Avalos at 830-8786-0272.

Respectfully yours,

A handwritten signature in cursive script that reads "David Ojeda Jr.".

David Ojeda Jr.
Executive Director

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, discussion and possible approval of requests for amendments to HOME Investment Partnerships Program (HOME) contracts involving modifications that significantly decrease the benefits to be received by the Department.

Requested Action

Approve or deny the requests for amendments.

Background

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) state that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater, or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

Department policy requires that the commitment rate and expenditure rate of each contract be analyzed when processing extension requests. Extension requests will only be considered by the Department to complete activities that are in process and that have been committed in the TDHCA Contract System. Commitment is defined as contract funds that have been pledged to an eligible household. These funds must be entered electronically into the TDHCA Contract System by the Administrator, and the funds must be approved electronically by the Department in the TDHCA Contract System. Before commitments are entered in the TDHCA Contract System all household and budget information must be verified by the Administrator. Documentation must be submitted to the Department to substantiate the commitment of funds.

Community Services Agency of South Texas, Inc. Contract Number 530201

Summary of Request

Community Services Agency of South Texas, Inc. (Administrator) is requesting a modification to the income requirements in their Land Use Restriction Agreement (LURA). The current LURA requires that all assisted households be elderly and be leased by households at or below 30% of Area Median Income Limit (AMFI). The Administrator states that Section 8 vouchers had originally been committed to the project. But because of delays in construction, the Section 8 vouchers were cancelled by the local housing authority. Without the Section 8 assistance, elderly households at the 30% limit cannot afford to pay the full Low HOME Rent. The Low HOME Rent for a 1-Bedroom apartment in La Salle County is \$398. Therefore the Administrators is now asking for a modification to the LURA as follows:

	2007 Income Limits (4 Person)	Original	Requested	Recommended	Variance
30% AMFI	\$12,950	16			(16)
50% AMFI	\$21,550			16	16
60% AMFI	\$25,860				
80% AMFI	\$34,500		16		
Total		16	16	16	

Federal HOME regulations require that at least 20% of the units be reserved for tenants at or below the 50% income level. The original underwriting analyzes anticipated 13 units at the 50% income level and 3 units at the 60% income level, although all of the units would have been restricted at the Fair Market Rent which is lower than the 50% calculated rent limit. The Real Estate Analysis Division has indicated that since all the units were evaluated at the Fair Market Rent there is no difference in the projected income to the development.

Amendment Number: 1 (First LURA Amendment)
Activity Type: Rental Housing Development (RHD)
Contract Executor: David Ojeda, Executive Director
Contract Start Date: June 1, 2002
Contract End Date: September 30, 2005
Service Area: Encinal, La Salle County
Total Budget Amount: \$943,289
Project Amount: \$907,009
CHDO Operating: \$36,280
Households Required: 16
Households Assisted: 0
Amount Drawn: \$841,420.34

Requested Action

Staff recommends the approval of the required income requirements in the LURA to increase to the 50% income level. The Administrator has stated that project-based Section 8 vouchers may be available from the City of Laredo. If the Section 8 vouchers are made available, the Administrator would still be able to target assistance to households at or below the 30% income limit. Approval of the LURA amendment would be conditional on the Administrator being current on their loan payments.

Statewide Consolidated Community Development Corporation Contract Number 531114

Summary of Request

Statewide Consolidated Community Development Corporation (Administrator) has previously been permitted three amendments to extend the development period as a result of slow construction progress and increasing construction costs. The contract start date was June 1, 2002. The first amendment was executed on November 10, 2003 extending the development period for eleven (11) months, from May 31, 2004 to April 30, 2005 and increasing the award amount by \$159,210 from \$668,683 to \$827,893 (including CHDO Operating funds). The second amendment was executed on November 30, 2004 extending the development period for ten (10) additional months to June 30, 2006. The third amendment was executed on April 5, 2005 extending the development period for four (4) additional months to October 31, 2006.

The Administrator is requesting a fourth amendment to further extend the development period of their contract for fourteen (14) additional months from October 31, 2006 to December 31, 2007. The Administrator states that the extension is necessary to complete construction on the eighteen (18) units currently in process. The proposed scattered site rental units consist of eight (8) single-family structures, one (1) duplex, and one (1) eight-plex. The status of these units is listed below:

Activity Number	Number of Units	Total Cost	Budget Amount	Drawn Amount	Percent Complete	Comments
21720	1	\$65,407	\$47,625	\$24,908.25	53%	Framing
21721	1	66,771	48,943	26,682.52	55%	Framing
21723	1	65,170	47,396	25,977.46	55%	Framing
21725	1	86,529	64,983	30,151.90	47%	Framing
21726	1	89,889	89,889	39,555.98	44%	Framing
21727	2	164,494	121,034	64,627.32	54%	Framing
21728	1	85,288	82,055	50,055.70	61%	Interior/Cabinets
21730	1	88,915	88,915	46,348.84	53%	Framing
21731	1	84,875	81,655	52,350.46	65%	Interior/Cabinets
Subtotals	10	\$797,338	\$672,495	\$360,658.43		
21724	8	295,520	123,555	10,987.50	0%	Site Prep Only
Totals	18	\$1,092,858	\$796,050	\$371,645.93		

Amendment Number: 4
Activity Type: Rental Housing Development (RHD)
Contract Executor: Rosetta Jones, Executive Director
Contract Start Date: June 1, 2002
Contract End Date: October 31, 2006
Requested End Date: December 31, 2007
Service Area: Beaumont, Orange County
Total Budget Amount: \$827,893
Project Amount: \$796,050
CHDO Operating: \$31,842
Households Required: 18
Households Assisted: 0
Amount Drawn: \$392,965.93 (including \$21,320 CHDO Operating Funds)

Requested Action

The Department does not recommend approval. At the time of the prior extensions, the Administrator assured the Department that the contract would be completed by the amended contract end date. To date, fifty eight (58) months since the contract start date, the Administrator has only expended forty

seven percent (47%) of the contract funds. Additionally, the Administrator lost \$162,000 in financing from the Federal Home Loan Bank that has not been replaced. This reduction in financing without replacement results in financial infeasibility for the development. The Administrator has not indicated that they have been able to obtain replacement funds with the exception of a prior request to the Department. Department staff is of the opinion that the Administrator lacks the capacity to complete this project.

Denial of the request will result in disallowed costs in the total amount drawn to date (\$392,965.93) and legal action to recover the funds expended. The property would be referred to the Department's Asset Management Section for resolution.

If the board chooses to approve the amendment, the development period of their contract would be extended for fourteen (14) additional months from October 31, 2006 to December 31, 2007. The board may elect to only extend the contract for the ten (10) units currently under construction and delete the requirement to complete the eight-plex. This option would result in disallowed costs of \$10,987.50 for the amount drawn to date. The board could also extend the development period of the contract and add the additional \$300,779 in funds necessary to complete all eighteen (18) rental units. This option would require additional review and verification of construction costs by the Real Estate Analysis Division.

Housing Plus, Inc. Contract Number 542054

Summary of Request

Housing Plus, Inc. (Administrator) previously requested an amendment to extend the contract end date as a result of delays in completing infrastructure in the La Lomita Subdivision. The infrastructure was completed by the City of Hondo with CDBG funds provided through the Office of Rural Community Affairs. The contract start date was October 1, 2003; the first amendment extended the end date of the contract for eighteen (18) months, from September 30, 2005 to March 31, 2007.

The Administrator is requesting a second amendment to further extend the end date of their contract for nine (9) additional months from March 31, 2007 to December 31, 2007. The Administrator states that the City of Hondo completed the CDBG infrastructure contract on February 2006. The Administrator then bid out the work for four (4) homes on September 2006 and has awarded the work to a construction contractor. The Administrator has Earnest Money Contracts and Permanent Lender approval for four (4) families. A nine (9) month extension is necessary to complete construction of four (4) homes and provide down payment assistance to these qualified families.

The number of assisted households will also be reduced from fifteen (15) to four (4), or a reduction of eleven seventy-three (73%). The reduction in the number of units will result in deobligated funds of \$75,400.

	Original	Requested	Change	Percent Reduction
Households	15	4	(11)	73.0%
Budget	\$117,000	\$41,600	(\$75,400)	64.0%

Amendment Number: 2
Activity Type: Homebuyer Assistance (HBA)
Contract Executor: Alfredo Huerta, Executive Director
Contract Start Date: October 1, 2003
Contract End Date: March 31, 2007
Requested End Date: December 31, 2007
Service Area: Hondo, Medina County
Total Budget Amount: \$117,000
Project Amount: \$112,500
Administration Amount: \$4,500
Households Required: 15
Households Committed: 4
Amount Drawn: \$0

Requested Action

Staff does not recommend approval of the amendment. At the time of the first extension for eighteen (18) months, the Administrator assured the Department that the contract would be completed by the amended contract end date. To date, forty-two (42) months since the contract start date, the Administrator has not expended any contract funds.

If the board chooses to approve the amendment to allow assistance to four (4) households with Earnest Money Contracts and Permanent Lender approvals, and the contract end date would be extended for nine (9) months from March 31, 2007 to December 31, 2007, the required beneficiaries would be reduced from fifteen (15) to four (4), and the contract amount would be reduced to \$41,600. The approval of this amendment would require the Administrator to submit a Monthly Contract Progress Report in a form prescribed by the Department.

Bluebonnet Trails Community MHMR Center Contract Number 1000474

Summary of Request

Bluebonnet Trails Community MHMR Center (Administrator) is requesting to expand the service area of their contract to include other (urban) areas in Guadalupe County. The contract currently allows assistance in rural Guadalupe County. The Administrator states that they are not able to assist families in the current service area. The Department previously denied the request because allowing both rural and urban/exurban area would be in violation of the Regional Allocation Formula. The Administrator has an existing contract for the urban/exurban areas of Guadalupe County.

Amendment Number:	1
Activity Type:	Tenant Based Rental Assistance (TBRA) Contract
Contract Executor:	Terri Couch, Chief Operating Officer
Contract Start Date:	October 3, 2005
Contract End Date:	March 31, 2008
Service Area:	Rural area of Guadalupe County
Total Budget Amount:	\$52,000
Project Amount:	\$50,000
Administration Amount:	\$2,000
Amount Committed:	\$0
Amount Drawn:	\$0
Households Required:	5
Households Committed:	0

Requested Action

The Department does not recommend the approval of the amendment. The Regional Allocation Formula (RAF), 2306.111 (d) requires that the Department allocate funds to all urban/ex-urban and rural areas in the uniform state service regions. A contract cannot serve both rural and urban/exurban areas, and funds should not be moved from urban/exurban to rural because the funds will not be used for the intended purpose.

The Administrator applied under Region 9 (rural) and was funded \$50,000 in project and \$2,000 in administrative funds under contract #1000474. The Administrator also applied under Region 9 (urban/ex-urban) and was funded \$50,000 project and \$2,000 administrative funds under contract #1000475. Because the Department must comply with the RAF, the Department has denied the amendment request.

City of Bay City Contract Number 1000529

Summary of Request

The City of Bay City (City) is requesting additional funds of \$160,000 in American Dream Downpayment Initiative (ADDI) funds in order to be able to assist an additional sixteen (16) households with down payment assistance. The City is also requesting to extend the end date of their contract for nine (9) months from September 28, 2007 to June 30, 2008 in order to have sufficient time to assist the additional households.

	Original	Requested	Change	Percent Increase
Households	25	41	16	64%
Budget	\$260,000	\$426,400	\$166,400	64%

On October 3, 2005, the City was awarded \$260,000 to provide downpayment assistance to twenty-five (25) households. However, during the Department's last ADDI funding cycle, the City had not expended sufficient funds to be able to apply for additional funding. Because of the Department's double cycle (2006 and 2007), the City cannot apply for additional funding until the 2008 ADDI funding cycle. In the 2006/2007 ADDI funding cycle, the program was under subscribed and excess ADDI funds are still available. In addition, several ADDI Administrators have terminated their contracts without expending any funds, resulting in deobligated ADDI funds.

Amendment Number: 1
Activity Type: American Dream Downpayment Assistance (ADDI)
Contract Executor: Richard Knapik, Mayor
Contract Consultant: BEST Institute
Contract Start Date: October 3, 2005
Contract End Date: September 28, 2007
Requested End Date: June 30, 2008
Service Area: Bay City, Matagorda County
Total Budget Amount: \$260,000
Project Amount: \$250,000
Administration Amount: \$10,000
Amount Committed: \$170,000
Amount Drawn: \$160,000
Households Required: 25
Households Committed: 1

Requested Action

Because the City has been successful in implementing the program and would like to assist an additional sixteen (16) households, the Department recommends the approval of the amendment. If the board chooses to approve the amendment, the contract amount would be increased to \$426,400, including 4% (\$6,400) in administrative funds. Approval of this amendment would require the City to provide the Department with a Monthly Contract Progress Report in a form prescribed by the Department. Sufficient ADDI funds are available to fund this request.

The Latino Education Project Contract Number 1000534

Summary of Request

The Latino Education Project (Administrator) is requesting an amendment to extend the end date of their contract for one (1) year from September 28, 2007 to September 30, 2008. The Administrator states that the time needed to complete the different procedures required under this contract will require considerable more time than the remaining contract term of six (6) months. The Administrator states that a one (1) year extension is necessary to comply with the requirements of the contract.

Amendment Number:	1
Activity Type:	Contract for Deed Conversion (HBA/Rehab) Contract
Contract Executor:	Frances Pawlik, Executive Director
Contract Consultant:	Martha Sotomayor
Contract Start Date:	October 3, 2005
Contract End Date:	September 28, 2007
Requested End Date:	September 30, 2008
Service Area:	Colonias in Duval, Jim Wells, and Nueces County
Total Budget Amount:	\$520,000
Project Amount:	\$500,000
Administration Amount:	\$20,000
Households Required:	8
Households Assisted:	0
Amount Drawn:	\$2,000 (Administrative funds)

Requested Action

The Department does not recommend approval of the amendment. The Administrator has not committed any funds or made sufficient progress in the administration of their contract. To date, eighteen (18) months since the contract start date, the Administrator has only expended \$2,000 in administrative funds. In addition, the Department is following-up on several complaints regarding alleged noncompliance with federal program rules. Department staff is of the opinion that the Administrator lacks the capacity to complete this project.

If the board chooses to approve the amendment, and the contract end date would be extended for one (1) year from September 28, 2007 to September 30, 2008. The approval of this amendment would require the Administrator to meet the following requirements:

- Inclusion of language in any subcontract that provides the Department the ability to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this contract.
- Inclusion of language in any subcontract that failure of subcontractor/consultant to adequately perform under this contract may result in penalties up to and including Debarment from performing additional work for the Department.
- Authority of the Department to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract.
- Submission of a Monthly Contract Progress Report in a form prescribed by the Department.

Final Two Amendment Requests Withdrawn by Applicants



Community Services Agency of South Texas, Inc.

P.O. Box 488
910 South 5th. Street
Carrizo Springs, Texas 78834-6488



Main Office 830-876-5219*E-mail:csaofsti@sbcglobal.net*Fax 830-876-5280*Head Start 830-876-3493* E-mail:csaheadstr1@sbcglobal.net

January 8, 2007

Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th
P.O. Box 13941
Austin, Texas 78711-3941

Re. Community Services Agency of South Texas Inc.
HOME Program Contract No: 530201

Dear Mr. Gerber:

The above referenced contract was awarded to the agency in 2001. After a very lengthy effort to on our part to get approval to start construction on the project we started construction on October 2003. We encountered some major problems with the general contractor from the start of construction and those problems would continue to cause delays in the completion of the project. There were also delays in the draw down of funds process during the course of the project due to the fact that every draw we did on the project was handled by a different person who was not familiar with the project. Every draw down of funds which we did we had to start from scratch to provide the information to the new person and for us every draw we did seemed like the first draw because we had to redo all the paper work all over again. These delays contributed to the problems we had with the general contractor.

We finally were able to achieve substantial completion in October of 2005 and we assumed we would be ready to move in some tenants. Little did we know that was not to be? The delays in finishing the construction on a timely basis caused us to loose the Section 8 vouchers which had been committed to the project by the Cotulla Housing Authority. The LURA on the original contract required us to allow only very low income (30% of income) to be tenants in the project. We requested an amendment to our contract to allow tenants up to 80% of income who could pay the full rent as

required by TDHCA. To this date no action has been taken and we do not have any tenants because with out Section 8 vouchers, very low income elderly cannot afford to pay the full rent. Since we have not gotten the amendment we need there are no tenants and without tenants we have no cash flow and thus we cannot pay on our loan.

The final inspection on our project was conducted on January 5, 2006. The person who did the final inspection was given the wrong documents by TDHCA personnel and due to this error we were found out of compliance on a major issue. In 2003, we were instructed by TDHCA HOME personnel to reduce the scope of the project because the bids which had come in were in excess of our contract and no additional funds were available. One of the major items which we were instructed to remove was a Community Center which had been approved with the original plans and specifications. We redid the plans and specifications to exclude the community center and other items to bring down the cost of the bids. Those new plans and specifications were approved by TDHCA personnel prior to our going out for bids for a third time. The problem with this action is that all of the TDHCA staff that we dealt with on the revised plans and specifications are no longer there. As a result the plans and specifications which the building inspector was given by TDHCA HOME program staff to conduct the final inspection were the original specifications which were obsolete. For this reason one of the things still pending in order to close out the final inspection is the issue of the community center not being built. We provided the HOME program staff with an explanation and some of the documentation which we had to verify that the community center had been removed. However since the documentation of all of these transactions which took place in 2003 does not exist in the TDHCA files, and since the present staff that we are dealing with will not accept the documentation we have provided, the close out of our project has been delayed because we have been told the required action needs TDHCA board approval. We were told early in 2006 that board approval would be required but it seems that no one wants to make a decision to bring this issue before the board. We have done three HOME CHDO projects with TDHCA HOME funds, we presently have under construction a HUD 202 project, and in 2005 to 2006 we implemented services worth over 2 million dollars in our service area with TDHCA funds. Our total agency budged for 2006 was over 9 million dollars. We cannot understand why the TDHCA HOME Program staff does not see us as a

credible agency, and we cannot understand why are being treated so unfairly by the HOME Program staff.

The general contractor for the project has informed us they will seek legal action against us because we have not paid them the 10% retainage fee which was due payable thirty days after substantial completion. We have repeatedly asked for guidance from HOME program staff in order that we may close out this project and be able to draw down our final funds. Everything that has been requested of us we have provided and we have asked to be told what else is it that we have to do to close out this project. Every time we ask for guidance we are told someone will get back to us but we have dealt with so many people we don't know who that someone will be.

At the present time the agency is about \$18,000 in debt as a result of this project. We are required to pay the monthly commercial water rates to the Encinal Water Supply Corporation because of the size of water pipe required to supply water to the project. If we do not pay the monthly water fees we loose access to our water supply and our water rights will be sold to someone else. We are paying the required hazard insurance and liability insurance. We are paying for the required maintenance on the project. We are incurring all of these expenses and we have no tenants.

√ We respectfully ask for your intervention on two things which are important to this project. The first is that our contract must be amended to modify our LURA so we can attract tenants who can pay the full rent or modify our loan contract so we can lower the rents. Otherwise we will never be able to attract tenants. The second issue is for the TDHCA HOME Program staff to accept the fact that the original plans and specifications were revised at the request of TDHCA and that is the reason why there is no community center. (It amazes us that it took about two years for us to finish construction of the project and no one from the TDHCA HOME Program staff ever noticed there was no community center until the final inspection was conducted) If it needs to go before the TDHCA Board then so be it and place the item on the board agenda. We are willing to go before the board and inform them of the same information we have provided you.

Page 4 Michael Gerber

Attached to this letter is a chronology of documentation which documents everything we have stated in this letter. We have provided documentation only for 2005 and 2006. We have additional documentation for 2003 and 2004 but we felt the documentation we have provided is sufficient to corroborate our concerns.

We come before you because we feel we have complied with everything that has been requested of us. The only hope we have left is that you will intervene so that this matter can be resolved in a manner which is favorable to both TDHCA and our agency. Your attention given to this matter will be greatly appreciated and please feel free to call us if there are any questions.

Respectfully yours,



David Ojeda Jr.
Executive Director

Copy: Community Services Agency of South Texas Board of Directors



STATEWIDE CONSOLIDATED COMMUNITY DEVELOPMENT CORPORATION, INC.

"People Helping People"

January 18, 2007

Ms. Lucy Trevino
Texas Department of Housing and Community Affairs
507 Sabine Street, 7th Floor
Austin, Texas 78711

RE: Contract Number 531114 - Scattered Site Rental Project

Dear Ms. Trevino:

As per our last conversation, I have attached documentation for your reading that will help establish delays on the referenced contract.

After going through the files beginning with the application submission date in 2001, It appears that the two (2) extensions were given in order for Texas Department of Housing and Community Affairs (TDHCA) staff can complete the processing of the file. Although the application was approved in 2002 the loan did not close until May 2005.

In my review the records indicate that TDHCA experienced reorganization in 2002/2003. In 2003, I was contacted by TDHCA staff who said that Statewide's file had been misplaced in the transition and would we copy our application with attached documents and forward to TDHCA. An Environmental Review was made on the proposed sites. Upon receipt and review of the file, we were informed that a Phase I Environmental was needed. The Phase I was completed and submitted in November 2003. Also, we were informed that HUD rejected the Neighborhood Site Plan. The Neighborhood Site Plan was submitted in 2003 and approved by HUD in October 2004.

All through the process, our file was transferred to different staff persons who requested additional information. During this process, we applied for gap financing with the Federal Home Loan Bank (FHLB) which was only good for three (3) years. Because the loan was not closed in a timely manner, the funds were withdrawn by FHLB and Statewide had to reapply.

I believe after reading the attached documentation it will give you an insight on some of the problems this contract experienced. Please remember Statewide could not build the houses until we closed the loan, which was May 2005 and this was the second closing. Also, the Order to Proceed was issued in May 2005. Statewide began Procurement procedures and discovered that the cost to build was greater than the original amount of the loan. See, we closed on calculations

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using 2002 prices but the 2005 cost had escalated on material and labor.

In that same year of closing, Hurricane Katrina drove up the cost of building material and labor. In September 2005, Beaumont, Texas, was directly hit by Hurricane Rita which is where this project is located. This City including Statewide suffered horrific losses. Lumber and labor cost soared as a result of the devastation caused by the hurricanes. Some materials were not even available or experienced long delays in delivery time. Statewide could not resume regular business until November 2005. We could not even get Sub-Contractors for the project until late February early March 06. After assessing damages and re-evaluating cost of material and labor for this Project, I sent a letter requesting additional funds in December 2005. As of this date, that letter has not been responded to.

Ms. Trevino, I understand TDHCA's policy position, but we suffered a Hurricane and we are still recovering from our losses. TDHCA's decision to halt funding for the project is a blow to this non-profit financially and to the low income community that is in desperate need for housing. The Housing Authority waiting list is in excess of 5000. The City of Beaumont is actively demolishing housing that was once rental, many citizens can not come back to the City because there is no housing. Apartments are saturated, many families had to move in together causing overcrowding. The Rita Recovery funds that came to the City are not finalized for disbursement and at best, only the senior citizens will be helped. Many chose to move back into their sub-standard homes, living with mold, mildew, leaking roofs, you name it, just to have a place to live. FDMA is removing their trailers, the City ordinance of temporary trailers has expired. Ms. Trevino, some people are having to live temporarily in cars. I have spoken to some men who are living in the woods.

Again, we have suffered a major hurricane. Does this not matter? People need housing. This non-profit has been crippled by Hurricane Rita and the horrific cost of labor and material, but we are continuing to fight for the families who have lost hope or losing hope in the American Way.

I understand we are not Hurricane Katrina's victims, nevertheless, our needs are just as great. No let me say greater, because Katrina victims are being taken care of.

I am pleading on behalf of Statewide and begging on behalf of the families of this community who depend on organizations like the Texas Department of Community Affairs. If it was not for your organization, where would businesses like Statewide and low income families be? What could we do without your agency? If you don't help us, who will? In our City, many are in despair, the hurricane is gone, but the reality of the hurricane and the mental anguish is very much real.

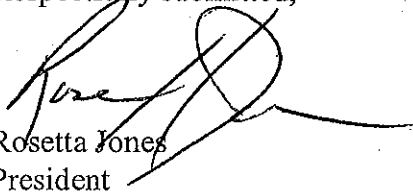
Again, TDHCA issued the Order To Proceed in May 2005. The last extension given by TDHCA terminated October 2006, exactly eighteen (18) months. I have looked for the justification of your decision. I thought maybe if they could have come to see the devastation of the hurricane or even better the despair in the voices and the faces of single moms with children who would have occupied these homes, just maybe TDHCA would have had compassion and the decision would have been different.

I only mentioned some of the facts above which impacted the project. It is my deepest hope that you will present my case or allow me to meet with the parties who can render a favorable decision to extend this project.

Statewide has been successfully building affordable house for low income families since its inception in 1996 utilizing federal funds. We would like to complete this project and make these units available to the families who will benefit from them.

Therefore; I humbly request reconsideration of your decision. Remember your favorable decision will not only benefit Statewide, but ultimately the families who will live in them.

Respectfully submitted,



Rosetta Jones
President

Attachments



Housing Plus, Inc.



March 22, 2007

Ms. Ms. Lucy Trevino, Manager, Portfolio Management
Texas Department of housing & Community Affairs
P. O. Box 13941
221 East 11th St.
Austin, TX 78711-3941

Re: HOME HBA Contract #542054

Dear Ms. Trevino

This letter serves as a status report and a request for an extension to the above mention HOME HBA Contract. Housing Plus, Inc. applied and received \$117,000 dollars to develop fifteen (15) homes in the City of Hondo located in the La Lomita Subdivision development. The La Lomita development received a \$400,000 Infrastructure grant from Office of Rural Community Affairs (ORCA). After several months of working with the City on the subdivision plat and engineering design, the City awarded the Infrastructure contract which was completed on February, 2006. Thereafter HPI proceeded to bid out the work for the homes and on September, 2006 the HPI awarded the contract to Border Construction from Alamo, Texas.

HPI has been working earnestly to identify families who can qualify and purchase homes in the development. HPI has held three Homebuyer Fairs that has generated interest in the Program, a total of thirty (30) families filled out preliminary applications. Staff met with these families and pulled credit reports, however due to low credit scores families have not been able to qualify for a permanent mortgage loan.

Housing Plus has entered into earnest money contracts with four (4) homebuyers. These four homebuyers receive their mortgage approvals as well as the Interim construction financing. I'm attaching copies of the executed Earnest Money Contracts and Permanent Lender approvals. I'm also including the Environmental Assessment approved by ORCA and the Compliance Documentation Checklist-24 CRF Part 58.6

Housing Plus anticipates the start of construction in April 2007, with construction periods and closings not to exceed nine (9) months. Housing Plus continues to market the La Lomita Subdivision, and it is anticipated that the demand for the remaining lots will increase when construction begins on the first four homes.

In closing, HPI is requesting that TDHCA grant it a contract extension of nine month to complete and close these four loans.

Should you have any questions, please feel free to contact me at (956) 421-3290.

Sincerely,

Alfredo Puerta
Executive Director

CC: Hondo Project File



BLUEBONNET TRAILS
COMMUNITY MENTAL HEALTH AND MENTAL RETARDATION CENTER
1009 Georgetown Street, Round Rock, Texas 78664
(512) 255-1720 Fax (512) 244-8401

March 19, 2007

Lucy Trevino, Manager
Portfolio Management and Compliance
TDHCA
211 East 11th
PO Box 13941
Austin, TX 78711-3941

RE: HOME OCC Contract #1000474
Appeal of Denial of Request to serve other areas of need in Guadalupe
County

Dear Ms. Trevino,

Bluebonnet Trails Community MHMR Center (the Center) has received your letter dated March 7, 2007 denying the Center's request to amend the above referenced contract to expand the service area to include other (urban) areas in Guadalupe County.

As instructed in the letter, the Center respectfully submits this letter to appeal this decision to the Texas Department of Housing and Community Affairs (TDHCA) Governing Board.

Thank you for your consideration of this request.

Sincerely,

Terri Couch
Chief Operating Officer

xc: Nancy Gettelfinger, CEO
Andrea Richardson, CAO

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

March 7, 2007

Terri Couch, Chief Operating Officer
Bluebonnet Trails Community MHMR Center
1009 Georgetown Street
Round Rock, TX 78664

Re: HOME OCC Contract #1000474
Denial of Request to serve other areas of need in Guadalupe County

Dear Ms. Couch:

The Texas Department of Housing and Community Affairs (Department) has received your letter dated January 30, 2007 requesting that the above referenced contract be amended to expand the service area to include other areas in Guadalupe County. The Bluebonnet Trails Community Mental Health and Mental Retardation Center (Bluebonnet) states that efforts to identify qualified rental property in the rural area of Guadalupe have been unsuccessful and no applications for assistance have been received despite outreach efforts.

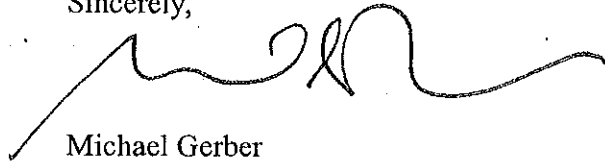
The Regional Allocation Formula (RAF), 2306.111(d) requires that the Department allocate funds to all urban/ex-urban and rural areas in the uniform state service regions. A contract cannot serve both rural and urban/exurban areas, and funds should not be moved from urban/exurban to rural and vice versa because the funds will not be used for the intended purpose. Bluebonnet applied under region 9 (rural) and was funded \$50,000 project and \$2,000 administrative funds under contract #1000474. Bluebonnet also applied under region 9 (urban/exurban) and was funded \$50,000 project and \$2,000 administrative funds under contract #1000475. The Department must comply with the RAF. Department policy does not allow for the approval of the expansion of this contract area; and therefore, the amendment request is denied.

Pursuant to 10 Texas Administrative Code §1.7, the City may appeal this decision to the Department's Governing Board. For the appeal to be considered, it must be received by Kelly Crawford, Director of Portfolio Management and Compliance, no later than ten days after the date of this letter.

If the Administrator does not wish to appeal the decision, the above mentioned contract will terminate on the existing contract end date.

The Department appreciates your efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Kelly Crawford, Director of Portfolio Management and Compliance at (512) 475-3262 or kelly.crawford@tdhca.state.tx.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Gerber', with a long horizontal flourish extending to the right.

Michael Gerber
Executive Director

MG/jet

cc: Michael Lyttle, Director of Governmental Relations



BLUEBONNET TRAILS
COMMUNITY MENTAL HEALTH AND MENTAL RETARDATION CENTER
1009 Georgetown Street, Round Rock, Texas 78664
(512) 255-1720 Fax (512) 244-8401

January 30, 2007

1000474

P 111 2-14-06
open
No services req
No pt.

Kelly Crawford
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

Dear Ms. Crawford,

Bluebonnet Trails Community MHMR Center (the Center) received a contract from the Texas Department of Housing and Community Affairs (TDHCA) for Tenant Based Rental Assistance (TBRA) in the amount of \$52,000 for Rural Areas of Guadalupe County, Region 9, effective October 3, 2005 to March 31, 2008.

Efforts by the Center to identify qualified rental property within the rural area of Guadalupe have been unsuccessful. Additionally, there have been no consumers who have applied for rental assistance in this contract area, despite attempts to engage and solicit suitable candidates.

In order to avoid de-obligating these funds, the Center requests your approval to utilize these funds in other areas of need in Guadalupe County.

Thank you for your consideration of this request. If I can be of any assistance in your deliberations, please do not hesitate to contact me.

Sincerely,

Terri Couch
Chief Operating Officer

xc: Nancy Gettelfinger, CEO
Andrea Richardson, CAO

RECEIVED
FEB 02 2007
COMPLIANCE

Basic Economic Stabilization Training (BEST) Institute
1900 5th Street
Bay City, TX 77414
979-245-5057

TDHCA
Ms. Lucy Trevino, Portfolio Manager
P.O. Box 13941
Austin, TX 78711-3941

Re: Amendment to Contract 1000529, Bay City HOME Program

Dear Lucy,

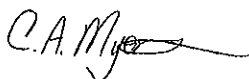
The 2005 HOME ADDI program in Bay City has met with such success that we humbly request additional down payment assistance units. Since December 2004 the HOME program has assisted 41 families attain safe and sanitary housing in Bay City through the 2003 and 2005 HOME contracts. Since March 2006 we have used 16 of our 25 down payment assistance units, leaving the program only nine units.

Our success story is also our concern. During TDHCA's last HOME ADDI funding cycle we had not depleted our inventory below 51% so could not apply for another grant. Now, with only nine units left, there is a great demand for additional funding. If we cannot secure additional down payment assistance units until the 2008 HOME ADDI funding cycle, the HOME ADDI program that has helped the formerly invisible voiceless sector of the Bay City economy become stakeholders in the community will collapse. The remaining hard working low and very low income families will suffer. They will be unable to move their children out of harms way. They will not be able to purchase houses in stable neighborhoods where their children can flourish. They will be forced to stay in the transient dwellings where they currently live.

Bay City, in Matagorda County, is poor and underdeveloped. Many residents are in the low and very low income bracket. Talented youth normally move due to the low pay rate, but the HOME program is helping the county retain young families. One of our young applicants moved back to Bay City to help his aging parents in their business. When returning to Bay City his and his wife's income plummeted and dropped them below 80% AMI. They have been approved for HOME ADDI down payment assistance and can purchase a home. It is a win-win-win story. Aging parents have their son and his wife back to continue the family business. The young couple that sacrificed income and career to help the parents will have a home for themselves and their children. Bay City has a bright young family with a sense of community back in the fold. We have found that the HOME Program is not about putting people in houses but about changing families' lives and the community for generations.

We have been told by Chuck Lucas, a long time HOME Administrator, that we could get additional units from the deobligated units that have not been used by other TDHCA Grantees. Accordingly, we request an additional 16 HOME ADDI units that will enable our down payment assistance program to continue until the 2008 HOME ADDI funding cycle. With the additional units we also request a time extension of nine months on the 2005 HOME ADDI contract 1000529 with Bay City. What procedure do we follow to amend our 2005 ADDI HOME contract? Thank you for your concern and consideration in this matter. We anxiously await your answer.

Sincerely,



C.A. Myers
BEST Institute
Director
Bay City HOME Program consultant



The Latino Education Project

1045 Airline Rd. Suite #2 Corpus Christi, Texas 78412
 Phone: (361) 980-0361 Fax: (361) 980-0951
 www.latinoeducationproject.org

March 16, 2007

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

Attention: Kelly Crawford
 Director of Portfolio Management and Compliance
 Lucy Trevino
 CM-Portfolio Management

RE: HOME Contract for Deed Contact #1000534
 Appeal of Denial of One (1) year Contract Extension

Dear Mr. Gerber:

The purpose of this letter is to appeal your denial of the Latino Education Project (LEP)'s request for a one year extension of the Contract for Deed and Conversion Contract number 1000534 and to be place on your Agenda for your next Board meeting set for April 2007. It is my understanding that this denial is based on the policy of the Texas Department of Housing and Community Affairs (TDHCA) not to allow for approval of contract extension requests in excess of six (6) months.

This appeal for extension consideration of one (1) year is based on the complexity of the project and unexpected delays prompted by a number of factors to include TDHCA staff turn-over preventing assistance in the preparation and processing of required documents. At this point, the 8 contracts for deed have been identified and the environmental clearances completed. We are ready to proceed with taking applications of potential beneficiaries only if there will be time to process them within the existing contract time.

The LEP is committed to provide decent, safe, sanitary and affordable housing for the populations we serve. Your assistance in allowing us to continue with the project by approving a one (1) year extension will be greatly appreciated. We look forward to your response.

Sincerely,

Frances Pawlik
 Executive Director



The Latino Education Project (LEP) will not discriminate on the basis of
race, color, religion, sex, national origin, disability, or familial status.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

March 7, 2007

Ms. Frances Pawlik
Executive Director, Latino Education Project
1045 Airline Road, Suite #2
Corpus Christi, TX 78412

Re: HOME Contract for Deed Contract #1000534
Denial of Request for One (1) Year Contract Extension

Dear Ms. Pawlik:

The Texas Department of Housing and Community Affairs (Department) has received your letter dated January 19, 2007 requesting a one (1) year extension to the above-referenced contract. The Latino Education Project, Inc. (Administrator) states that the time needed to complete the different procedures required under this contract will require considerable more time than the remaining contract term of nine months, and efforts to complete the procedures have been further complicated by the lack of one (1) assigned Department employee to approve all required procedures.

Department policy does not allow for approval of contract extension requests in excess of six (6) months, and therefore, the extension request is **denied**.

Pursuant to 10 Texas Administrative Code §1.7, the City may appeal this decision to the Department's Governing Board. For the appeal to be considered, it must be received by Kelly Crawford, Director of Portfolio Management and Compliance, no later than ten days after the date of this letter.

If the Administrator does not wish to appeal the decision, the above mentioned contract will terminate on the existing contract end date.

The Department appreciates the Administrator's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Kelly Crawford, Director of Portfolio Management and Compliance at (512) 475-3262 or kelly.crawford@tdhca.state.tx.us.

Sincerely,

Michael Gerber
Executive Director

MG/jet

cc: Martha Sotomayor, Consultant

221 EAST 11TH • P. O. Box 13941 • AUSTIN, TEXAS 78711-3941 • (800) 525-0657 • (512) 475-3800

Reg 6706



Latino Education Project

1045 Airline Rd. Suite #2 · Corpus Christi, TX 78412 · (361) 980-0361 fax (361) 980-0951
www.latinoeducationproject.org

January 19, 2007

Ms. Cristy Roberts, Portfolio Specialists
Texas Department of Housing and
Community Affairs, Colonias Initiative
221 E 11th Street
Austin, TX 78701

RE: Contract Number: 1000534

Dear Ms. Roberts:

The purpose of this letter is to request an extension on the HOME Contract for Deed Conversion (Acquisition with Rehabilitation) project, contract Number 1000534. The period for this contract is October 3, 2005 to be completed on September 28, 2007, only nine months from this date. We are requesting a one-year extension to enable the Latino Education Project (LEP) to complete the project as specified in the approved proposal and the above contract.

There are three main reasons for the extension request:

1. To our knowledge there has been four (4) different Texas Department of Housing and Community Affairs (TDHCA) staff persons assigned to our project during the first project year, October 3 to December 2006. Unfortunately, we were not notified of the personnel changes nor given a name (s) of staff that we could contact to proceed with each of the various steps required in the contract.
2. The identification of contracts for deed is in itself a lengthy and sensitive process that requires more time than a regular affordable housing project; and
3. While we have been able to identify over 80 contracts for deed, the steps to complete the different procedures in each of the required contracts will require considerable more time than the nine months left in our project. There are several procedures that require TDHCA approval before we can move to the next activity and the anticipated back and forth will consume more time than the nine months left in the contract.



The Latino Education Project, Inc. (LEP) will not discriminate on the basis of race, color, religion, sex, national origin, disability, or familial status **RECEIVED**

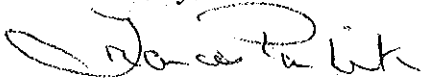
JAN 25 2007

COMPLIANCE

We are delighted that you have been assigned to work with us. I am certain that the process will be now expedited on the behalf of the two applications on file that have been waiting for over a year for action. We will also begin to take additional applications and determine their eligibility. Approval of the requested extension will assist us greatly in planning and completing the project as planned.

I will appreciate hearing from you at your earliest convenience in order to continue with project activities. Thank you for the assistance that we have received from you to date regarding this very much-needed effort.

Sincerely,



Frances Pawlik
Executive Director
Latino Education Project



The Latino Education Project, Inc. (LEP) will not discriminate on the basis of *race, color, religion, sex, national origin, disability, or familial status.*

(B)

LAW OFFICES OF

Supina S. ...

March 5, 2007

Kay Fairbanks
Director, HOME Division
P.O. Box 13941
Austin, Texas 78711-3941

Dear Mr. Cabello,

I have been retained by _____ owns several properties in Robstown, Texas. These properties have routinely been leased to clients through the Latino Education Project and meet all the Housing Quality Standards.

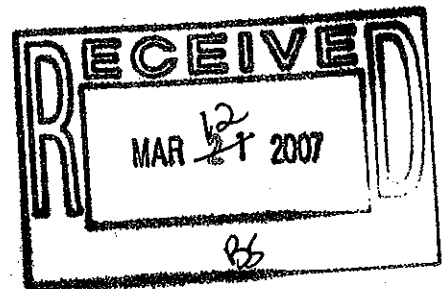
I _____ is very concerned because he has been told on several occasions that the Latino Education Project has attempted to dissuade clients from using his properties. We believe the director of the Latino Education Project, _____, has a conflict of interest and is attempting to profit from the program. I have attached a statement from _____ for your review. Please investigate this disturbing situation.

If my client continues to be discriminated, I will be forced to file suit for Business Disparagement, Discrimination, and Tortious Interference with a Contract. Please call my office at (361) 887-4455, if I can be of any assistance.

Sincerely,

[Handwritten signature]

Attorney at Law



ATTORNEY AT LAW

Corpus Christi, Texas 78471

Corpus Christi, Texas 78466-0355 • scn

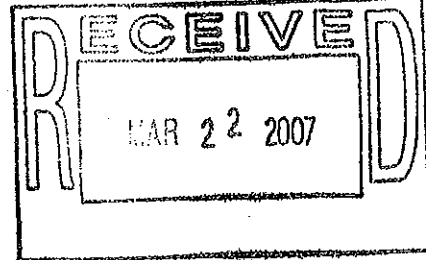
3-2-07

To whom it may concern;

I called Latino Educational Program asking for phone number. The person answering the phone was asking me why I wanted his number. The person I spoke to recommended that I not rent from [redacted]. I feel I have a right to rent from whoever I may choose. If you should have any questions feel free to contact me at [redacted]

5

3



1000330

Attn:

Director
Homero Cabello Jr.
Tx Dept of Housing and Community Affairs

Mr. Cabello there are several complaints on my behalf that I would like to address, however I wish to stay anonymous for fear of retaliation. I have been in the Tenant Based Rental Program since it started. It was to be a program that the tenants were to follow guidelines have been placed for us to become self sufficient either get a job or to work however this is not true. The () is not following the housing guidelines many of the tenants have not bothered to find a job and obtain a GED and up until recently they have enforced the guidelines and yet many of the tenants have failed to comply. Another complaint that I have for those of us who are reapplying in to the housing program we are actually being told where to move to by the

The director has gone as far as telling tenants where to move. I thought we have every right to choose a place to ~~live~~ own choosing unless the unit does not pass inspection not to where they want us to move to an apartment complex. Many of us do not want to move to an apartment complex we prefer living in a house dwelling. Another complaint that I feel needs to be addressed we use to fill out the intake application for housing at the Nueces County Community Action office in Robstown Tx with

() was having a relationship with one of the tenant's () and until recently after a year and a half she was finally terminated from the program all during this time! () never enrolled in school and never made an effort to find a job. Many of the tenants were complaining and asking what was going on between () and () how was this being allowed. The employees in Robstown Nueces Community Action had also brought it up to the

() at numerous times and yet nothing was ever done, some how this was brought up to his boss () (Nueces County Community Action) in Corpus Christi office and () was given an option resign or be terminated (fired). () chose to resign rather than to be terminated. You can verify this with () in the Corpus Christi office.

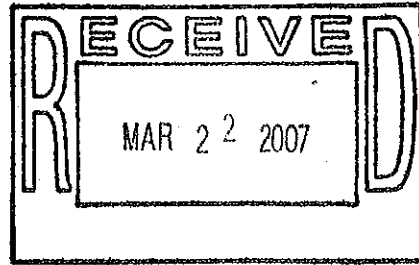
Another issue that I wish to bring up The Latino Education Project claims that they are not being paid a cent to run this tenant based rental program for housing and yet they have a whole family running the business The Contract Administrato

() and the Housing Consultant the mother in law () and the husband to I () inspector. Is the inspector suppose to be state certified to inspect the unit's? And yet they expect the community to believe that this non profit organization is not getting paid a cent from the housing project that literally are working for free. Would this not be a conflict of interest having family members run the business. There are so many issue The Latino Education Project has also started a business and they carry the address 1045 Airline called Tax N Stuff and again the whole family is running it is this not a conflict of interest if they also getting paid thru other grants. Some of the services that are being provided are background criminal checks and payroll services individuals in the tenant based rental program were not asked for a back ground check which they should of been screened this individuals in the housing that are being housed have criminal records. Again this are some of many issues the list could go

on and on. And again I wish not to state my name for fear that I may get thrown out of program.

Attention:

Kay Fairbanks
Homero Cabello Jr.
Tx Dept of
Housing and Community Affairs.
Austin Texas



I have failed to address other issues. I strongly feel that the Director is being biased. Here are some examples! _____ had been a tenant since the program got started she was not terminated from the program until the incident with _____ (having a relationship with one of the tenant's _____) from the Nueces County Community Action was asked to resign or be fired and only until then the Latino Education project terminated her from the housing program again she failed to get an education or to obtain a job all this time she had been in the housing program over a year and a half, and again the Director _____ was fully aware of this and yet they fail to terminate! _____ was a tenant in the program her husband passed away and also her son passed away in a auto accident she was terminated from the program and yet another tenant _____ father passed way and she also a tenant in the program and yet she was not terminated, only until recently has she obtained a job and has yet to get an education. _____ has been in the program since the program got started and yet she has not been terminated she has not gone to look for a job or seek employment. _____ has been in the program and yet she has failed to find a job and seek employment. _____ is a tenant in the program she is being housed in an apartment that is not meeting up to the disabled and yet it has passed inspection by the now inspector _____ husband to the Director she is disabled she does not have the appropriate accommodation's. _____ is another tenant and yet she has not gone to school or obtain a job and only until recently she has put on her intake application that someone is leaving with her again only until recently. _____ another tenant she has made an effort to find a job and is working only until recently she quit her job and yet why is the Director of the project and the employee _____ telling her if she does not find a job she will be terminated from the project and yet all this other tenant's that are not complying still remain in the program. Why is the director singling out certain individuals. The elderly tenants are being asked to move by the Director _____ and _____ when they feel comfortable where they are at. Do we not have a right to choose where to move of course in the event that the unit does not pass inspection. Many of the tenant's can not move to the apartments that they are telling them to move because of lack of transportation and the other's have criminal backgrounds and the facility complex runs background checks. Please address this issue's this should not be taken place. Again I will not state my name for fear of being thrown out of the housing program.

④ You need to look
Latin's Program very closely, they
are giving vouchers to people that
have a criminal record like drugs,
girls that have their husbands
living with them, buyforn's
that are living with them and
are working making good money,
girls that have houses and are
renting them to other people and
are collecting rent. People in
Robtson are getting very tired
of the people that are getting
vouchers. Please look into this
if you do not I will go
to the media -

A Very Concern
Citizen

**Housing Tax Credit Program
Board Action Request
April 12, 2007**

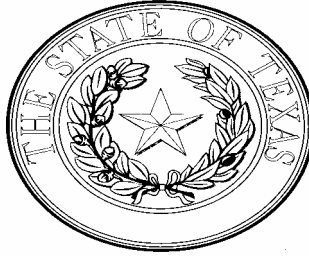
Action Item

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the Issuer.

Recommendation

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **TDHCA** as the Issuer for a tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
07604	Terraces at Cibolo	Boerne	TDHCA	150	150	\$15,156,831	\$8,000,000	\$591,016	\$588,451



MULTIFAMILY FINANCE PRODUCTION DIVISION

2007 Private Activity Multifamily Housing Revenue Bonds

**Terraces at Cibolo
100 Block of Fabra Street
Boerne, Texas**

**150 Units
Priority 3
\$10,000,000 Tax Exempt – Series 2007**

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Compliance Summary Report
TAB 7	Public Hearing Transcript (February 21, 2007)

**MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST**

April 12, 2007

Action Item

Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds, Series 2007 and Housing Tax Credits with TDHCA as the Issuer for the Terraces at Cibolo Apartments development.

Requested Action

Approve, Amend or Deny the staff recommendation for the Terraces at Cibolo Apartments.

Summary of the Terraces at Cibolo Apartments Transaction

Background and General Information: The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.*) The pre-application for the 2007 Waiting List was received on October 30, 2006. The application was scored and ranked by staff. The application was induced at the December 14, 2006 Board meeting and submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on February 14, 2007. The final date for bond delivery is on or before July 14 2007, but the anticipated closing date is April 19, 2007. Located in Kendall County, the development includes the new construction of 150 units targeted to an elderly population. This application was submitted under the Priority 3 category with the applicant proposing 100% of the units serving 60% of AMFI.

Organizational Structure and Compliance: The Borrower is Boerne Terraces at Cibolo Apartments, L.P. and the General Partner is Boerne Terraces at Cibolo Developers, LLC which is comprised of the following entities with ownership interest: Resolution Real Estate Services, of which J. Steve Ford is 100% Owner, has 50% ownership interest in the General Partner; and G.G. MacDonald Inc., of which G. Granger MacDonald is 75% Owner and T. Justin MacDonald is 25% Owner, has 50% ownership interest in the General Partner. The Compliance Status Summary completed on April 5, 2007 shows that the principals of the general partner have a total of twenty-seven (27) properties that have no material noncompliance.

Public Hearing: There were three (3) people in attendance at the public hearing conducted by the Department for the proposed development on February 21, 2007 and no one spoke for the record. A copy of the transcript is included in this presentation. The Department has received a letter of support from Senator Jeff Wentworth, a resolution of support from the City of Boerne and no letters of opposition.

Census Demographics: The proposed site is located at approximately the 100 block of Fabra Street, Kendall County. Demographics for the census tract (9703.00) include AMFI of \$76,357; the total population is 6811; the percent of the population that is minority is 15.72%; the percent of the population that is below the poverty line is 5.07%; the number of owner occupied units is 2143; the number renter occupied units is 348 and the number of vacant units is 198. (FFIEC Geocoding for 2006)

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in an amount not to exceed \$10,000,000. The bonds will carry a AAA rating and Citibank, N.A. will provide credit enhancement through a direct pay letter of credit. Citibank, N.A. will underwrite the transaction using a debt coverage ratio of 1.15 amortized over 30 years. The term of the bonds will be for approximately 30 years. The construction and lease up period will be for 24 months with a six month extension. The interest rate on the bonds will not exceed 6.00% per annum.

Recommendation

Staff recommends the Board approve the issuance of up to \$10,000,000 in tax exempt Multifamily Housing Mortgage Revenue Bonds, Series 2007 and \$588,451 in Housing Tax Credits for the Terraces at Cibolo Apartments.

RESOLUTION NO. 07-009

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (TERRACES AT CIBOLO) SERIES 2007; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low, and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Terraces at Cibolo) Series 2007 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Boerne Terraces at Cibolo Apartments, L.P., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified senior residential rental development described on Exhibit A attached hereto (the "Development") located within the State required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on December 14, 2006, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Mortgage Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Development and related

costs, and (ii) the Borrower will execute and deliver to the Department a promissory/mortgage note (the “Note”) in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by an irrevocable direct pay letter of credit issued by Citibank, N.A., a national banking association (the “Bank”); and

WHEREAS, it is anticipated that the Note will be secured by a First Deed of Trust, Assignment of Rents and Leases, Fixture Filing and Security Agreement (the “Mortgage”) from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department’s interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, pursuant to an Assignment of Deed of Trust Documents and Assignment of Note (collectively, the “Assignment”) from the Issuer to the Trustee; and

WHEREAS, the Board has determined that the Department, the Trustee, Citigroup USA, Inc., as credit enhancer (the “Credit Enhancer”) and the Borrower will execute an Intercreditor Agreement (the “Intercreditor Agreement”) in which certain rights of the Department and the Trustee under the Bond Documents and Credit Enhancer Documents (as defined in the Intercreditor Agreement) will be assigned to the Credit Enhancer; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Development which will be filed of record in the real property records of Kendall County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of a Preliminary Official Statement (the “Preliminary Official Statement”) and to authorize the authorized representatives of the Department to deem the Preliminary Official Statement “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Preliminary Official Statement as may be required to provide a final Official Statement (the “Official Statement”) for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Contract (the “Bond Purchase Contract”) with the Borrower, Citigroup Capital Markets Inc., (the “Underwriter”), and any other party to such Bond Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Contract; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the “Asset Oversight Agreement”), with respect to the Development for the purpose of monitoring the operation and maintenance of the Development; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignment, the Intercreditor Agreement, the Regulatory Agreement, the Asset Oversight Agreement, the Preliminary Official Statement, the Bond Purchase Contract, (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution; has found the form and substance of such

documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I hereof, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage and the Note, and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Contract, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Contract; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$8,000,000; (iii) the final maturity of the Bonds shall occur not later than September 1, 2040; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Bond Purchase Contract shall not exceed 103% of the principal amount thereof.

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

Section 1.4--Approval, Execution and Delivery of the Loan Agreement. That the form and substance of the Loan Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Loan Agreement and deliver the Loan Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of

the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Kendall County, Texas.

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

Section 1.7--Acceptance of the Mortgage and Note. That the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee and the Bank, as their interests may appear, without recourse.

Section 1.8--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignment and to deliver the Assignment to the Borrower, the Trustee and the Bank.

Section 1.9--Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor Agreement are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute the Intercreditor Agreement and to deliver the Intercreditor Agreement to the Borrower, the Trustee and the Credit Enhancer.

Section 1.10--Approval, Execution, Use and Distribution of the Preliminary Official Statement and the Official Statement. That the form and substance of the Preliminary Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chairman of the Governing Board and the Executive Director of the Department are hereby severally authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement for the Bonds and to deem the same as "final" for purposes of the aforementioned Rule 15c2-12; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Contract and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.11--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.12--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take

any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.13--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Contract
- Exhibit F - Mortgage
- Exhibit G - Note
- Exhibit H - Assignment
- Exhibit I - Intercreditor Agreement
- Exhibit J - Preliminary Official Statement
- Exhibit K - Asset Oversight Agreement

Section 1.14--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.15--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.16--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Development.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the

Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of the State of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.5--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be Citigroup Capital Markets Inc.

Section 2.7—Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.8--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of extremely low, low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Mortgage Loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 12th day of April, 2007

[SEAL]

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

EXHIBIT A

DESCRIPTION OF DEVELOPMENT

Owner: Boerne Terraces at Cibolo Apartments, L.P., a Texas limited partnership

Development: The Development is a 150-unit multifamily facility for seniors to be known as Terraces at Cibolo and to be located at approximately the 100 block of Fabra Road, Boerne, Kendall County, Texas 78006. The Development will include a total of 17 one-story and 4 three-story residential apartment buildings with approximately 145,938 net rentable square feet and an approximate average unit size of 973 square feet. The unit mix will consist of:

72	one-bedroom/one-bath units
<u>78</u>	two-bedroom/two-bath units
150	Total Units

Unit sizes will range from approximately 826 square feet to approximately 1079 square feet.

The Development will include clubhouse/leasing office with community dining area, furnished community room; senior activity room, and exercise room; swimming pool.



MULTIFAMILY FINANCE PRODUCTION DIVISION
April 12, 2007
Development Information, Public Input and Board Summary
Terraces at Cibolo, TDHCA Number 07604

PUBLIC COMMENT SUMMARY

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

State/Federal Officials with Jurisdiction:

TX Senator: Wentworth, District 25	S	US Representative: Rodriguez, District 23, NC
TX Representative: Macias, District 73	NC	US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: S, Patrick Heath, Mayor - The City of Boerne's Master Plan indicates that an apartment complex of this nature would be appropriate for the area. Resolution of Support from Local Government

S, Dan Heckler, Mayor Pro Tem

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

Neighborhood Input:

General Summary of Comment:

Public Hearing:
 Number that attended: 3
 Number that spoke: 0
 Number in support: 0
 Number in opposition: 0
 Number Neutral: 3

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance, prior to closing, of documentation verifying the Special Use Permit has been granted for the use of the property as planned.

Receipt, review, and acceptance, before closing, of a flood hazard mitigation plan. Said plan must include, at a minimum, a) certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines, and consideration and b) documentation of the costs for building flood insurance and tenant flood insurance for any buildings that remain in the flood plain (without a Letter of Map Revision, LOMR) after construction is complete.

Receipt, review, and acceptance, by cost certification, of evidence that all Phase I Environmental Site Assessment recommendations, particularly with regard to debris, existing structures and the abandoned well have been carried out.

Receipt, review and acceptance, prior to closing, of a commitment by the related party contractor to defer fees as necessary.

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



MULTIFAMILY FINANCE PRODUCTION DIVISION
April 12, 2007
Development Information, Public Input and Board Summary
Terraces at Cibolo, TDHCA Number 07604

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	\$588,451
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$588,451 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$8,000,000
Recommendation: Recommend approval of issuance of \$8,000,000 in Tax Exempt Mortgage Revenue Bonds with a variable interest rate based on the SIMFA Swap Index, underwritten at 6.00% and a repayment term of 30 years with a 30 year amortization plus construction period, subject to conditions.		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		

Terraces at Cibolo

Estimated Sources & Uses of Funds

Sources of Funds

Series 2007 Tax-Exempt Bond Proceeds	\$ 8,000,000
Tax Credit Proceeds	5,482,403
Deferred Developer Fee	978,948
GIC Income	150,000
Interim Net Operating Income	382,333
Total Sources	<u>\$ 14,993,684</u>

Uses of Funds

Acquisition and Site Work Costs	\$ 2,603,872
Direct Hard Construction Costs	6,435,400
Other Construction Costs (General Require, Overhead, Profit)	1,086,997
Developer Fees and Overhead	1,625,208
Direct Bond Related	250,000
Bond Purchase Costs	375,072
Other Transaction Costs	2,527,135
Real Estate Closing Costs	90,000
Total Uses	<u>\$ 14,993,684</u>

Estimated Costs of Issuance of the Bonds

Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 40,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	16,000
TDHCA Bond Compliance Fee (\$40 per unit)	6,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	9,000
Trustee's Counsel (Note 1)	5,500
Rating Agency	13,500
OS Printing/Mailing	2,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,500
Bond Amortization Analysis	15,000
Total Direct Bond Related	<u>\$ 250,000</u>

Terraces at Cibolo

Bond Purchase Costs	
LOC Origination Fee & Expenses	60,360
LOC Ongoing Fees	222,532
Underwriter's Discount	60,000
Underwriter's Expenses	2,180
Underwriter's Counsel	30,000
Total Bond Purchase Costs	\$ 375,072
Other Transaction Costs	
Tax Credit Related Costs	54,000
Lease-Up Reserves	150,000
Interest Rate Cap (estimated)	160,000
Construction Period Interest	1,027,000
Soft Construction Costs	727,921
Construction Contingency	388,214
Miscellaneous	20,000
Total Other Transaction Costs	\$ 2,527,135
Real Estate Closing Costs	
Title and Recording	90,000
Total Real Estate Costs	\$ 90,000
Estimated Total Costs of Issuance	\$ 3,242,207

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

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

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: April 2, 2007 **PROGRAM:** 4% HTC / MRB **FILE NUMBER:** 07604

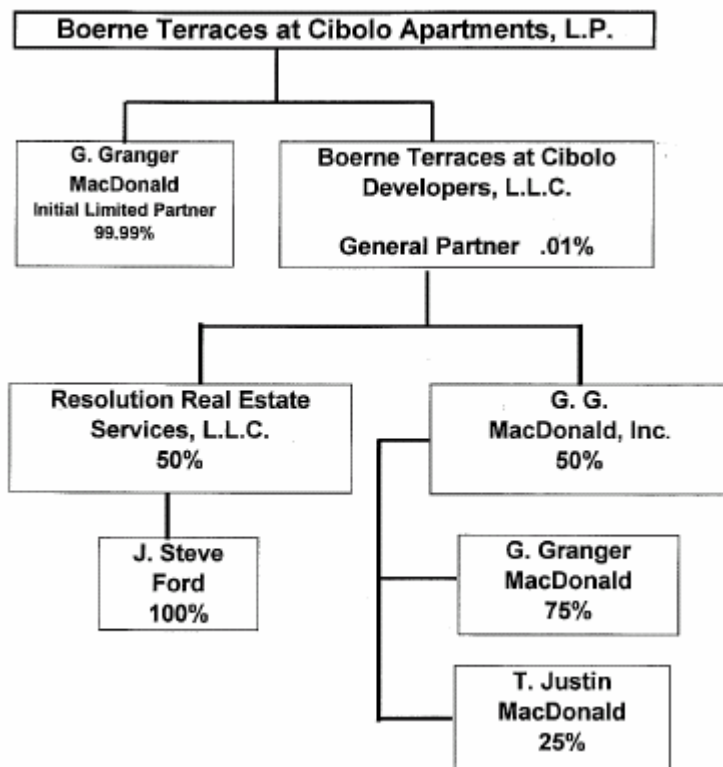
DEVELOPMENT NAME

Terraces at Cibolo

APPLICANT

Name: Boerne Terraces at Cibolo Apartments, LP **Contact:** G. Granger MacDonald
Address: 2951 Fall Creek Road
City: Kerrville **State:** TX **Zip:** 78028
Phone: (830) 257-5323 **Fax:** (830) 257-3168 **Email:** gmacdonald@macdonald-companies.com

KEY PARTICIPANTS



PROPERTY LOCATION

Location: 100 block of Fabra Street
City: Boerne **Zip:** 78006
County: Kendall **Region:** 9 QCT DDA

REQUEST

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$591,016 ¹	N/A	N/A	N/A
MRB (Tax-Exempt)	\$8,000,000 ²	6.0%	30 yrs	30 yrs

¹ Latest revision dated 3/21/07

² Based upon latest conference call with lender and General Partner

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

Proposed Use of Funds: New construction **Type:** Multifamily
Target Population: Elderly **Other:** Rural

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF \$8,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A VARIABLE INTEREST RATE BASED ON THE SIMFA SWAP INDEX, UNDERWRITTEN AT 6.00%, AND A REPAYMENT TERM OF 30 YEARS WITH A 30-YEAR AMORTIZATION PLUS CONSTRUCTION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$588,451 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

1. Receipt, review, and acceptance, prior to closing, of documentation verifying the Special Use Permit has been granted for the use of the property as planned.
2. Receipt, review, and acceptance, before closing, of a flood hazard mitigation plan. Said plan must include, at a minimum, a) certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines, and consideration and b) documentation of the costs for building flood insurance and tenant flood insurance for any buildings that remain in the flood plain (without a Letter of Map Revision, LOMR) after construction is complete.
3. Receipt, review, and acceptance, by cost certification, of evidence that all Phase I Environmental Site Assessment recommendations, particularly with regard to debris, existing structures and the abandoned well have been carried out.
4. Receipt, review and acceptance, prior to closing, of a commitment by the related party contractor to defer fees as necessary.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 150 **# Res Bldgs** 21 **# Non-Res Bldgs** 2 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 145,938 **Av Un SF:** 973 **Common Area SF:** 2,247 **Gross Bldg SF:** 148,185

ARCHITECTURAL REVIEW

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

STRUCTURAL MATERIALS

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 58% stone veneer and 42% Hardi siding. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

UNIT FEATURES

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2007 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in each bathroom, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: microwave, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, and nine-foot ceilings.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

ONSITE AMENITIES

In order to meet threshold criteria for a total of 150 to 199 units, the Applicant has elected to provide a community laundry room, covered community porch, full perimeter fencing, a furnished community room, a furnished fitness center, a senior activity room, and a swimming pool.

Uncovered Parking: 264 spaces **Carpports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Terraces at Cibolo is a 6.8-unit per acre new construction development located in Boerne in the southern part of Kendall County. The site plan originally called for 25 single-story buildings, 13 containing 6 one-bedroom units and 12 containing 6 two-bedroom units. On March 2, 2007, the Applicant submitted a revised site plan replacing 8 of the one-story buildings with 4 three-story buildings as follows:

<u>No. of Buildings</u>	<u>No. of Floors</u>	<u>1BR</u>	<u>2BR</u>
4	1	6	
4	3	12	
13	1		6

It appears the site plan revision was necessary to accommodate a drainage area approximately 75 ft. wide running north and south through the center of the site. The original site plan reflected an irregular shaped site with a long narrow access drive/easement from Fabra Street to the main portion of the site. The revised site plan now incorporates the entire 21.83 acres, including site access drive, rather than having solely an access easement as originally proposed. There is a 150 ft. wide drainage area perpendicular to the access drive and thus the access drive crosses this drainage area between the 1,863-square foot clubhouse and the main portion of the development.

In addition to the residential buildings, the site plan includes a separate 384-square foot utility building.

SITE ISSUES

SITE DESCRIPTION

Total Size: <u>21.83 acres</u>	Scattered sites?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Flood Zone: <u>Zones C, B, AO</u>	Within 100-year floodplain?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Current Zoning: <u>R-2</u>	Needs to be re-zoned?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is located at the 100 block of Fabra Street, at the north end of the City of Boerne, in Kendall County.

Adjacent Land Uses:

- ∄ **North:** Stone Creek Village luxury townhome/retail/office complex under construction immediately adjacent with a baseball field and undeveloped land beyond;
- ∄ **South:** private road immediately adjacent and single family residential beyond;
- ∄ **East:** Fabra Street immediately adjacent, with Live Oak Shopping Center beyond; and
- ∄ **West:** Cibolo Creek immediately adjacent and undeveloped land beyond.

Site Access: The original application included only 17.85 acres, leaving approximately 4 acres directly facing Fabra Street undeveloped. The Applicant reported that the 4 acre tract “has some drainage issues, is extremely narrow, and really has little value ... The access will be either a dedicated easement or a city street (to be dedicated) and will go through the entire tract, including the unused 4 acres.” The revised site plan submitted on March 2 incorporates the entire 21.83 acres. The clubhouse and pool have been moved out across a 150 ft. wide drainage area into the front 4-acre tract closer to Fabra Street. The only access to the development is by way of a single driveway extending from Fabra Street, past the clubhouse and across this drainage area into the main body of the site.

Public Transportation: “The primary mode of transportation in this area is the automobile.” (market study p. 28)

Shopping & Services: “The Boerne central business district is approximately two miles southeast of the subject”. Police and fire service, primary and secondary schools, restaurants and retail shopping are all

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located within this area. “The San Antonio central business district, the economic and cultural center of the region, is approximately thirty miles southeast of the subject property.” (market study pp. 28-29)

Adverse Site Characteristics:

€ **Zoning:** “The property ... was recently rezoned as R-2, Moderate Density Residential District. A retirement community is a permitted use for this zoning, requiring City Council approval for which the applicant has applied.” (Jan 29 letter from Mayor of Boerne)

Receipt, review, and acceptance, prior to execution of the Determination Notice, of documentation verifying the Special Use Permit has been granted for the use as planned, is a condition of this report.

€ **Floodplain:** The application indicates that part of the site lies within the 100-year floodplain, and that the development will be designed as required by program rules. The 100-year flood line is shown on the site plan, indicating that two buildings are completely within the floodplain and parts of two additional buildings encroach on the floodplain. Moreover the access drive crosses a drainage easement which will either need to be diverted or bridged.

The 2007 QAP states: “Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements.”

Receipt, review, and acceptance, before closing, of a flood hazard mitigation plan, is a condition of this report. Said plan must include, at a minimum, a) certification by a qualified architect or engineer that the construction plans are in accordance with TDHCA guidelines, and b) consideration and documentation of the costs for building flood insurance and tenant flood insurance for any buildings that remain in the flood plain (without a Letter of Map Revision, LOMR) after construction is complete.

TDHCA SITE INSPECTION

Inspector:	TDHCA Staff	Date:	02/21/2007
Overall Assessment:	<input type="checkbox"/> Excellent	<input checked="" type="checkbox"/> Acceptable	<input type="checkbox"/> Questionable
		<input type="checkbox"/> Poor	<input type="checkbox"/> Unacceptable
Comments:			

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment (ESA) report dated October 24, 2007 was prepared by TriCo Inspecting Service, Inc; this report was received by TDHCA on January 24, 2007.

The ESA contained the following findings and recommendations:

Findings:

€ **Noise:** “Noise study is not recommended. Map and field show 2-lane street in front of site. No RR tracks applicable. Airport is not applicable.”

Floodplain: The ESA includes a FEMA map designating the site location as a point in Flood Zone C, which is outside the 100-year floodplain. However, other maps and site plans clearly show that the subject property extends to the center of Cibolo Creek on the southwest boundary, and the FEMA map indicates the creek bed is in Flood Zone AO. “Zone AO is the flood insurance rate zone that corresponds to the areas of 1-percent shallow flooding (usually sheet flow on sloping terrain) where average depths are between 1 and 3 feet.” (www.fema.gov) The 100-year flood line is shown on the site plan, indicating that two buildings are completely within the floodplain and parts of two additional buildings encroach on the floodplain. The application indicates that the development will be designed as required by program rules. As discussed above, continued compliance with program flood plain requirements is a condition of this report.

€ **Asbestos-Containing Materials (ACM):** “Improvements and debris on subject property from pre-existing improvements does not warrant testing for asbestos containing materials pursuant to local, state, and federal laws.”

€ **Lead-Based Paint (LBP):** “Improvements and debris on subject property from pre-existing

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improvements does not warrant testing for lead based paint pursuant to local, state, and federal laws.”

- € **Lead in Drinking Water:** “Testing for lead in drinking water is not required pursuant to local, state, and federal laws for subject property.”
- € **Radon:** “The potential for the presence of Radon on the property is not applicable due to soils in the subject site area are not conducive to radon.”
- € **Recognized Environmental Concerns (RECs):** “This assessment, which is based on a study of the historical land use of the subject property and adjacent properties, all practically reviewable information, and on direct observations of the site, has revealed no evidence of recognized adverse environmental conditions with the property. Since no adverse environmental impacts were observed relative to the site and no conditions were found that warrant any further investigation, TriCo considers the subject property to be one of no environmental risk.”

Recommendations: “It is recommended that owner of subject property remove all abandoned vehicles and discarded items associated with them, discarded ranch equipment and discarded items associated with them, construction debris, and any and all household and ranch debris and garbage discarded on site and convey subject property to client in an overall clean condition as property was prior to having items discarded on it ... All abandoned furnishings and personal items inside the residence should be removed and properly disposed. It is also recommended that the abandoned mobile home and deteriorated sheds should be removed from the site as precautionary safety measures. Also, the abandoned well site should be properly capped unless it can be utilized for irrigation purposes.”

Receipt, review, and acceptance, by cost certification, of evidence that all Phase I Environmental Site Assessment recommendations particularly, with regard to debris, existing structures and the abandoned well, have been carried out, is a condition of this report.

INCOME SET-ASIDE

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The application qualifies as a Priority 3 Private Activity Bond allocation (§ 1372.0321), however to maximize the tax credits will reserve all units with rent and income restrictions for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$29,220	\$33,360	\$37,560	\$41,700	\$45,060	\$48,360

MARKET HIGHLIGHTS

A market feasibility study dated December 20, 2006 was prepared by Integra Realty Resources – San Antonio (“Market Analyst”); the market study was received by TDHCA on January 24, 2007. Integra Realty Resources – San Antonio was not on the TDHCA list of approved market analysts at the time of submission, but anticipates becoming an approved analyst with the completion of this report. It should be noted that the firm is a well regarded appraisal firm based in San Antonio and related companies Integra Realty Advisors in Austin and Dallas are on the Department approved list. The Market analyst submitted all of the required documentation to be added to the list however the study was prepared to comply with the 2006 rules and guidelines rather than the now in-force 2007 rules and guidelines. The Real Estate Analysis Division of TDHCA notified the Analyst of the areas of deficiency which would require revision in order to comply with the 2007 guidelines. The Analyst submitted a revised study which generally complies with the revised the 2007 guidelines on February 21, 2007.

It should be noted that the QAP requires submission of all application documents, including third party reports, at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made. The January 24 initial submission date of the market study (as well as the ESA) was only 43 days prior to the intended Board meeting date of March 8, and 57 days prior to the rescheduled date of March 20. The Applicant requested that consideration of the application be postponed until the April 12

Board meeting to comply with the 60-day rule.

When critical changes are made to a market study, particularly a change to the definition of the Primary Market Area (PMA), the 60-day requirement is applied to the revision date. In this case, significant changes were necessary to bring the study into compliance with the 2007 rules. The Underwriter continued to communicate with the Analyst to clarify information, mainly related to the significant demand identified from the Secondary Market Area after the 60-day deadline. Had the 60-day requirement been applied to the revision date of February 21 the application would not be eligible for consideration at the April 12 meeting. However, as will be discussed in greater detail below, the Analyst's basic conclusion continues to consider the boundaries of the PMA to be Kendall County and the other deficiencies in the study did not involve critical decision-related criteria. Therefore, the initial submission date has been applied.

The market study provided the following information:

Secondary Market Information: The Secondary Market Area (SMA) for the subject development is defined as the San Antonio MSA. "The local economy is driven primarily by the economy of the overall San Antonio Metropolitan Statistical Area (MSA), which is defined by the United States Office of Management and Budget (OMB). The San Antonio MSA is defined as including Bexar County and each county which shares a common boundary with Bexar County. The counties included in the MSA are Bexar, Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina and Wilson Counties." (p. 3) This area encompasses approximately 7,387 square miles and is equivalent to a circle with a radius of 48.5 miles. "Overall, the economic outlook for the San Antonio MSA is positive. Total population is projected to increase slightly. More importantly, the area is projected to experience increasing employment growth. Based on this analysis, it is anticipated that the San Antonio MSA will continue to grow and prosper. The expected growth should provide an economic base that supports demand for real estate in the subject neighborhood and for the subject property". (p. 10)

It is worth noting that this area is significantly larger than what the Department would normally expect as a Secondary Market Area. In fact, for developments targeting the general population, Department underwriting guidelines limit the SMA to a population of 250,000. (The overall population of the San Antonio MSA is approximately 2 million.) The rules do not limit the population or area of an SMA for developments targeting seniors. Section 1.33(d)(7)(B) of the 2007 Real Estate Analysis Rules requires the Market Analyst to provide a detailed description of the methodology used to determine the boundaries of the SMA. The Analyst has indicated that positive economic trends in the SMA will "provide an economic base that supports demand" (p. 10). The Applicant also provided a summary of tenants prior addresses and current addresses for prospective tenants on their waiting list for another senior property they operate in the PMA. This summary suggests that upwards from 33% of the demand for their existing development comes from San Antonio (rather than from the PMA).

Definition of Primary Market Area (PMA): "The primary market area is defined as Kendall County due to the following factors:

- Ø The boundaries correspond to generally accepted neighborhood boundaries.
- Ø Data for this area is readily available, and the area is large enough to increase data reliability for estimates used in the population forecast.
- Ø The most likely competition for the subject property is located within these boundaries." (p. 13)

Kendall County encompasses approximately 663 square miles and is equivalent to a circle with a radius of 14.5 miles.

Population: The estimated 2006 population of the PMA was 30,438 and is expected to increase by 21% to approximately 37,000 by 2011. Within the primary market area there were estimated to be 4,875 elderly households in 2006.

The estimated 2006 population of the SMA was 2.0 million and is expected to increase by 11% to approximately 2.2 million by 2011. Within the secondary market area there were estimated to be 240,000 elderly households in 2006.

Total Market Demand: The demographic data provided by the Market Analyst indicates that senior households in the PMA comprise 44% of the general household population. "For the subject's one bedroom units, demand would be calculated on a two person household. Likewise, for the subject's two bedroom units, demand would be calculated on a three person household. However, demographic information based on the

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size of senior households is not available. The Market Analysts believe it is reasonable to assume that the great majority of senior households are two-person or less. For the purposes of this analysis, all senior households are believed to be size appropriate for the subject units.” (p. 31)

Minimum income restrictions are based on the maximum program gross rent and a 40% rent burden on household income (for senior households). Overall demand due to household growth for the development as a whole is determined by considering a single income range from \$23,460 to \$37,560; applying an income-eligible adjustment rate of 17.3%, the Analyst calculates the overall demand from household growth to be a total of 3 units. The Underwriter calculates the overall demand due to household growth within the PMA for the development as a whole to be 7 units.

The Analyst also calculates demand due to rental household turnover from the entire secondary market area (which includes the PMA). “According to the 2000 Census, the percentage of renter households age 55+ in the SMA is 19.2% ... This figure is likely conservative as seniors who are income qualified for the subject would likely rent at a greater rate. Our survey of area apartments indicates that turnover rates range from 10% to 35%. The National Multi-Housing Council indicates that their research shows the annual average turnover rate to be 50%. Suburban markets such as the PMA tend to have turnover rates lower than the national average, which is influenced upward by urban markets. As such, we estimate an annual turnover rate of 50% for the SMA. According to TDHCA guidelines, only 25% of the demand calculated may be considered from the (SMA) ... Thus ... when we apply the percentage of households that are income qualified for the one bedroom units (11.2%), we find the number of income and age qualified households for the one bedroom units to be 641 ... Furthermore, when we apply the percentage of households that are income qualified for the two bedroom units (11.4%), we find the number of income and age qualified households for the two bedroom units to be 652. Finally, when we apply the percentage of households that are income qualified for the entire subject complex (17.0%), we find the number of income and age qualified households for the entire complex to be 972.” (pp. 36-37)

The Underwriter calculated demand due to turnover within the PMA separately from the SMA, applying the PMA tenure rate of 13.2% for senior renters, and the turnover rate of 35% as indicated by the Analyst’s survey of area apartments. The Underwriter thus identified demand for 41 units due to rental household turnover within the PMA. Demand due to turnover from the SMA, excluding the PMA, and adjusted to 25% in accordance with current TDHCA guidelines, was determined to be 926, indicating a total demand for 967 units due to rental household turnover.

MARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	3	0.5%	7	1%
Resident Turnover PMA	n/a		41	4%
Resident Turnover SMA (including PMA)	972	99.5%	n/a	
Resident Turnover SMA (excluding PMA)	n/a		926	95%
TOTAL DEMAND	975	100%	974	100%
	Supply of Unstabilized Units	INCLUSIVE CAPTURE RATE	Supply of Unstabilized Units	INCLUSIVE CAPTURE RATE
	423	43%	423	43%

p. 54

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 43% based on a supply of 423 unstabilized comparable affordable housing units and total demand for 975 units. (p. 54) The 423 units of supply include 150 units at the subject property and 25% of the proposed or unstabilized comparable units located outside the PMA but within the SMA. There are 1090 such units: 248 units at Primrose at Monticello Park (TDHCA # 03441, fka Primrose at Jefferson), 160 units at Palacio del Sol (TDHCA # 04005), 134 units at The Alhambra (TDHCA #05160), 196 units at Midcrown Senior Pavilion (TDHCA #05428), 252 units at

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New Braunfels Gardens (TDHCA 05437, fka Primrose at Mission Hills), and 100 units at Landa Place (TDHCA # 06007).

The Underwriter also calculated an inclusive capture rate of 43%, based on a supply of 423 units divided by a revised demand estimate for 975 affordable units. Current TDHCA underwriting guidelines permit an inclusive capture rate of up to 75% for rural developments or developments targeting seniors. While the current TDHCA Market Study Guidelines place no limit on the demand from the secondary market, the Underwriter expressed concerns about the significant percentage in this case with the Market Analyst. The Market Analyst provided supplemental information that further substantiates the general conclusions of this inclusive capture rate calculation and is discussed in the supplemental section below.

Unit Mix Conclusion: “The overall (vacancy) rate of one bedroom apartments in the PMA is 0.40% compared to 1.72% for two bedroom apartments. These vacancy rates are very low when compared to the SMA, indicating strong demand in the PMA. The best possible unit mix for a complex in the PMA would likely contain more one bedroom units than two bedroom based on the vacancy rates; however, the difference in these vacancy rates is minimal and indicates strong demand for both unit types. Generally seniors are downsizing living space and are one or two person households. Thus, demand for three bedroom senior housing would not be as high. All of the comparable senior complexes surveyed offered one and two bedroom floor plans.” (p. 50)

Market Rent Comparables: The Market Analyst surveyed 5 comparable apartment projects totaling 471 units in the market area. “To estimate the market rental rates for each of the subject unit-types ‘as if complete’, we have surveyed the competing properties relative to their rent levels, occupancy levels, age, condition, quality, unit mix, concessions, amenities, utility structure, etc.” (p. 37)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	\$712	\$712	\$0	\$790	-\$78
2-Bedroom (60%)	\$841	\$841	\$0	\$960	-\$119

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

Primary Market Occupancy Rates: “Of the apartment properties considered to be primary competition for the subject ... the average occupancy rate ... is 97.82%. All of these units are market rate, with (one) exception ... which has 71 restricted units, and do not restrict tenants based on age.” (p. 37) Among these comparable properties, the occupancy rates for one-bedroom units and two-bedroom units are both reported to be 97%. (pp. 44-45)

Absorption Projections: “Absorption of the subject units will likely come from a variety of sources. Market rents “as if complete” at the subject property are slightly above the restricted rents. Boerne Park Meadows reports a waiting list of 140 people. The subject would likely draw the majority of people on this waiting list. Finally, absorption can be facilitated by turn-over from other properties. The absorption period will likely be short, ranging from 6 to 10 months. The absorption rate is thereby expected to be 15 to 25 units per month, depending on how many tenants come from the waiting list at Park Meadows.” (p. 52)

Unstabilized, Under Construction, and Planned Development: “Boerne Park Meadows is the only complex in the PMA that targets the senior population. The reported vacancy rate at this complex is 0%.” (p. 28) There are no comparable properties either under construction or proposed for the PMA. There are 1090 proposed or unstabilized comparable units in the SMA: 248 units at Primrose at Monticello Park (TDHCA # 03441, fka Primrose at Jefferson), 160 units at Palacio del Sol (TDHCA # 04005), 134 units at The Alhambra (TDHCA #05160), 196 units at Midcrown Senior Pavilion (TDHCA #05428), 252 units at New Braunfels Gardens (TDHCA #05437, fka Primrose at Mission Hills), and 100 units at Landa Place (TDHCA #06007).

Market Impact: “Many of the tenants would likely come from the waiting list at Boerne Park Meadows (containing 135 households), which would diminish the subject’s impact upon other properties. Additionally, the annual demand is good; while the known threat of new supply is minimal (there are no other proposed restricted rent units planned in the PMA). Accordingly, the general PMA apartment market and, more specifically, the other program projects within the PMA, appear to be well insulated from any potential adverse affect from constructing the subject property.” (p. 52)

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Supplemental Information: While the Market Analyst has identified sufficient demand to support the subject development, the demand is excessively weighted toward an extraordinarily large Secondary Market Area (SMA). Only one percent of the demand is specifically identified as from the Primary Market. This is partly due to the fact that the Analyst reported demand due to turnover from the entire SMA, without isolating the portion from within the PMA. But the Underwriter found the PMA portion of turnover amounts to only 4%, leaving 95% of total demand as coming from the SMA.

2007 is the first year in which TDHCA guidelines have defined Secondary Market demand. A Secondary Market Area was not anticipated to be as large as a population of 2 million, and “usable” demand from the SMA was restricted to 25% of calculated demand from the SMA because the PMA is expected to account for a significant portion of demand. A study of the current rent roll and the waiting list at Boerne Park Meadows (another senior tax credit property operated by the same developer in the same PMA) reflects prior addresses from the Boerne area for 46% and 47%, respectively, of the individuals listed. Only 33% of the prospective tenants on the waiting list are from San Antonio, 13% are from “Other Texas” (which may include the greater San Antonio area included in the secondary market), and 7% are from out of state. This distribution approximates what was anticipated when the rules were amended to include Secondary Market Demand.

The disproportionate demand from the SMA is in large part due to the small size of the original PMA. By including all of Kendall County the Analyst was able to include the less populated, more rural areas north of Boerne but did not include the northern portions of Bexar County which are closer and in many ways more comparable to Boerne. At the request of the Underwriter, the Market Analyst provided demographic information that included the northwestern portion of Bexar County, and one census tract in western Comal County. Combined with the previously identified demand from Kendall County, the Analyst now reports total demand for 97 units from this alternate PMA; the Underwriter calculated total demand for 94 units with no additional unstabilized comparables. Considering that TDHCA guidelines allow an inclusive capture rate of up to 75% for developments targeting seniors, the development could theoretically be projected to capture 71 units from this expanded PMA and be within the new limits. The 71 units would represent 47% of the 150 proposed units at the subject property; this figure is consistent with the percentages of previous PMA residents among current tenants and those on the waiting list at Boerne Park Meadows. With these supplemental demographics, the SMA demand is reduced to 903 but is still extremely healthy and can easily support the remainder of the units. Moreover, even if an eighth of the SMA demand were used (thereby imitating an SMA population of 250,000) the overall inclusive capture rate would be 72.5% ($150/(94+903/8)$) which is still below the Department’s new capture rate guideline of 75% for senior developments.

Market Study Analysis/Conclusions: The Underwriter believes sufficient demand exists to support the subject development. The successful absorption of Boerne Park Meadows, as well as its waiting list, is evidence that the demand is there. While the market study had a number of challenges, the Market Analyst continued to work with the Underwriter to address concerns and to conform to the guidelines established by the Department. The study and supplemental information provide sufficient information to make a funding recommendation and the Market Analyst will be added to the approved provider list.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s projections for rents collected per unit are based on the 2006 program gross rent limits, adjusted for tenant-paid utility allowances as of January 1, 2006, maintained by the Boerne Housing Authority. Tenants will be required to pay electric, water, and sewer costs.

The Applicant projected total non-rental income of \$8 per unit per month, comprised of \$4 from damages and forfeited deposits, \$3 from overdraft and late fees, and \$1 from vending.

The Market Analyst estimated losses due to vacancy at 3%, based on “the five competitive properties in Boerne currently averaging 2.58% hard vacancy”; the Analyst also estimated losses due to collection at 2%, for a combined total of 5% of potential gross income. The Applicant, however, applied a provision of 7.5% for vacancy and collection, consistent with the TDHCA underwriting guidelines. Despite these differences, the Applicant’s estimate for effective gross income is within 1% of the Underwriter’s estimate.

Expenses: The Applicant’s total annual operating expense projection at \$3,722 per unit is within 5% of the Underwriter’s estimate of \$3,918, derived from the TDHCA database and third-party data sources. However, the Applicant’s estimate for General & Administrative expense is almost \$14K (or 23%) less than the

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Underwriter's estimate. Additionally, the water and wastewater expense included in the original application (\$35,000) seemed exceptionally high given that the tenants will pay for these services directly. This estimate was reduced to \$24,000 in a revised expense projection submitted on February 13, 2007; this revised amount is in line with TDHCA estimates.

Conclusion: The Applicant's estimates for effective gross income, total annual expenses, and net operating income (NOI) are all within 5% of the Underwriter's estimates; therefore, the Applicant's NOI and proforma will be used to determine the development's debt capacity. The base year proforma and estimated debt service indicate a debt coverage ratio (DCR) of 1.20; this is within the Department's guideline range of 1.15 to 1.35.

Long-Term Feasibility: The TDHCA underwriting guidelines apply a 3% annual growth factor to income and a 4% annual growth factor to expenses. As noted above, the Applicant's base year effective gross income, expense and net operating income were used. Combined with the estimated debt service, the 30-year pro forma indicates continued positive cashflow and a debt coverage ratio that remains above 1.15. The development can therefore be characterized as feasible for the long-term.

The Underwriter estimated debt service at a fixed interest rate of 6.0%, the same underwriting rate applied by the primary lender. It should be noted, however, that the actual financing will carry a variable rate (as described in more detail in the Financing Structure Analysis below). For the first 5 years the index rate will be capped at 5.5%. With the 1.28% fee stack, this indicates a maximum rate of 6.78%. If this rate is applied, the DCR in year one is 1.14, slightly below the minimum of 1.15. However, the DCR rises consistently each year thereafter, to 1.25 in year five. At that point, the cap increases to 6.0%, allowing a maximum rate of 7.28%. This rate would produce an initial (year six) DCR of 1.21, rising yearly thereafter. So even under worst case conditions for 15 full years the project can be considered financially feasible.

ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
Land: 21.974 acres	\$112,790	Assessment for the Year of:	2006
Building:	\$3,630	Valuation by:	Kendall County Appraisal District
Total Assessed Value:	\$116,420	Tax Rate:	2.4372
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Unimproved commercial property contract (21.974 acres)		
Contract Expiration:	04/11/2007 + two 30-day extensions	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$1,275,000	Other:	_____
Seller:	Glenn B. Cross	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION	
<p>Acquisition Value: The site cost of \$58,406 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction. There is some inconsistency among the application documents as to the exact acreage of the site. The Kendall County Appraisal District records indicate two tracts, one of 20.974 acres and a second of 1 acre; the contract was written for 21.974 acres to conform to the CAD records. The survey, title commitment, and legal description all indicate a total of 21.83 acres. The Applicant was questioned about the inconsistency and indicated that the 21.974 acres was referenced from an older survey.</p>	
<p>Off-Site Costs: The original application did not indicate any off-site construction costs. When the Underwriter inquired about access to the site through the 4-acre tract which was not intended to be part of the development, the Applicant submitted a revised cost schedule including off-site costs of \$39,372 for an access road, and provided sufficient third party certification through a professional engineer to justify these costs. The site plan was subsequently revised to incorporate the entire 21.83 acres, which includes the access drive from Fabra Street. The Applicant was again questioned about the off-site cost for the access road, and provided conflicting responses as to whether the access road cost should be included in on-site costs. The Applicant eventually provided a revised development cost schedule on March 21, reclassifying the off-site</p>	

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MULTIFAMILY UNDERWRITING ANALYSIS**

paving cost as on-site paving cost.

Sitework Cost: The Applicant's claimed eligible sitework costs of \$8,892 per unit in the Development Cost Schedule submitted on March 27 (see Direct Construction Cost section below) are within current 2007 Department guidelines. Therefore, further third party substantiation is not required. The total sitework also includes \$5,000 for the demolition of an abandoned residence on the subject property which was properly excluded from eligible basis.

Direct Construction Cost: The original site plan was revised, replacing 8 single-story buildings with 4 three-story buildings serviced by two elevators (each shared by two buildings) but limited changes to the development costs were made by the developer to account for these changes. The Underwriter also noted that \$52,500 is included for "carports or garages" which did not appear on the site plan. In subsequent correspondence the Applicant confirmed that this is for covered parking which is not indicated on the site plan. The Applicant reviewed the entire Development Cost Schedule at the Underwriter's request for clarification, and submitted a revised schedule on March 27. This revised schedule reflects that the Applicant's direct construction cost estimate is \$768K (or 10.5%) lower than the Underwriter's estimate derived from the Marshall & Swift *Residential Cost Handbook*.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by \$133K to bring the eligible interest down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's developer fees were set at the maximums allowed by TDHCA guidelines, but with the reduction in eligible basis due to the misapplication of eligible interest expense discussed above, the eligible basis portion of this fee now exceeds the maximum by a total of \$19,985, and has been reduced by the same amount in order to recalculate the appropriate requested credit amount.

Conclusion: The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated basis of \$12,469,832 is increased by 30% because the region had been designated a Difficult Development Area (DDA) for 2006. It should be noted that Kendall County is not a designated DDA for 2007 but since the application for tax credits was made in 2006, the Applicant believes they will be eligible for the boost. For the purposes of the tax credit determination letter the 30% DDA boost is being included. This issue is commented on further under financing conclusions below. The resulting adjusted eligible basis of \$16,210,782 supports annual tax credits of \$588,451. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
Source:	Citibank	Contact:	Robert Onion
Tax-Exempt:	\$8,450,000	Interest Rate:	variable, underwritten by Lender at 6.0%
		Amort:	360 months
Documentation :	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input checked="" type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
Comments:	Interest based on SIMFA Swap Index (currently 3.65%) + 1.28% fees; 24 mo. construction period		

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

TAX CREDIT SYNDICATION

Source:	Boston Capital	Contact:	Diego Benites
Proceeds:	\$5,487,450	Net Syndication Rate:	93.25%
Documentation:	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
Comments:			

OTHER

Amount:	\$1,602,653	Source:	Deferred Developer Fee
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FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: Citibank will issue a letter of credit as credit enhancement for tax-exempt bonds issued by TDHCA. The commitment provided from Citibank indicates a letter of credit amount of \$8.45M; however, according to the most recent conference call the Bond amount has been reduced to \$8.0M. Bond proceeds will provide construction and term financing. The financing will reflect the bond coupon rate, a variable rate equal to the SIMFA Swap Index (fka the BMA Index, reset weekly, currently at 3.65%) plus a fee stack totaling 1.28%. The components of the stack are: Citibank letter of credit fee (1.00%), Citigroup remarketing fee (0.125%), TDHCA issuer fee (0.10%), and Wells Fargo trustee fee (0.055%). The Lender has indicated that they will require the Applicant to also execute an interest rate cap agreement, limiting the index rate to 5.5% for the first 5 years, followed by a cap of 6.0% for the next 10 years.

HTC Syndication: The original application, submitted in October 2006, requested annual tax credits of \$567,449, based on an applicable percentage of 3.50%. After the application was officially accepted in December, the Applicant was advised that the request would be underwritten at 3.63%. In the revised development cost schedule submitted February 13, the Applicant requested \$588,525 in annual tax credits, based on the 3.63% rate. The Applicant has submitted a proposal from Boston Capital to provide \$5,487,450 in equity financing through syndication of the awarded tax credits at a rate of \$0.9325 per tax credit dollar. In the revised development cost schedule submitted March 21, the Applicant requested \$591,016 in annual tax credits; the most recent schedule submitted March 27 requests \$595,682.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$1,602,653 amount to 98.5% of the total fees.

Financing Conclusions: The Applicant's total development cost estimate less the permanent loan of \$8,000,000 indicates the need for \$7,156,831 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$767,565 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request (\$595,682), the gap-driven amount (\$767,565), and eligible basis-derived estimate (\$588,451), the eligible basis-derived estimate of \$588,451 is recommended. This results in syndication proceeds of \$5,846,760 based on a syndication rate of 93.25%.

The Underwriter's recommended financing structure indicates the need for \$1,670,071 in additional permanent funds to fill the remainder of the financing gap. Total deferrals of this amount appear to be repayable from development cashflow within ten years of stabilized operation. However, this requires financing of up to \$43,571 in addition to deferral of 100% of the developer fee. Receipt, review and acceptance of a commitment by the contractor to defer fees as necessary is a condition of this report. Given that the actual interest rate will, for a time at least, assuredly be well below the underwriting rate the amount of available cash flow will likely be better than projected and therefore the amount of deferral required may be reduced.

As indicated above, there is some concern that the 30% DDA boost may not be available to the subject given that the development may not be considered a 2006 application by the IRS. The loss of credits would amount to \$135,796 annually or syndication proceeds of \$1,266,175. This would require an additional source of funds or deferral of 100% of the related party contractor fee plus much of the contingency. Nonetheless, the combined deferral of all fees and contingency is still repayable in slightly more than 11 years from

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

anticipated cash flow.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

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

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

Financial Highlights:

- € The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- € G. G. MacDonald, Inc. is 50% owner of the General Partner. G. G. MacDonald, Inc. submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$35.8M, consisting of \$7K in cash, \$5.2M in receivables, \$30.1M in construction in progress, \$36K in long term investments and \$471K in machinery, equipment, and fixtures. Liabilities totaled \$35.8M, resulting in net assets of \$14K.
- € Resolution Real Estate Services, LLC, is 50% owner of the General Partner. Resolution Real Estate Services, LLC submitted an unaudited financial statement as of December 31, 2005 reporting total assets of \$3.9M and consisting of \$255K in cash, \$3.6M in receivables, \$50K in stocks and securities, \$25K in escrow, and \$25K in machinery and equipment. Liabilities totaled \$110K, resulting in net assets of \$3.8M.
- € The principals of G. G. MacDonald, Inc., G. Granger MacDonald and T. Justin MacDonald, submitted unaudited financial statements as of September 30, 2006.
- € The principal of Resolution Real Estate Services, LLC, J. Steve Ford, submitted unaudited financial statements as of September 30, 2006.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- € A significant portion of the market demand is required to come from the Secondary Market Area.
- € Kendall County was a designated Difficult Development Area in 2006; this designation was dropped in 2007. In anticipation of this change, the application for a 2007 tax credit allocation was submitted during 2006. It is the Applicant's responsibility to validate and defend the eligibility under tax law for DDA status based on the year of application rather than the year of allocation.
- € The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.
- € Significant environmental/location risk(s) exist [regarding the flood plain and easements]
- € An increase in the variable interest rate on the permanent debt could adversely affect the development's DCR and cash flow.
- € The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	<i>Thomas Cavanagh</i>	Date:	April 2, 2007
Reviewing Underwriter:	<i>Lisa Vecchiatti</i>	Date:	April 2, 2007
Director of Real Estate Analysis:	<i>Tom Gouris</i>	Date:	April 2, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Terraces at Cibolo, Boerne, MRB / 4% HTC, 07604

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash only
TC 60%	24	1	1	826	\$782	\$712	\$17,088	\$0.86	\$70.00	\$9.00
TC 60%	48	1	1	874	782	\$712	34,176	0.81	\$70.00	\$9.00
TC 60%	78	2	2	1,079	939	\$841	65,598	0.78	98.00	9.00
TOTAL:	150		AVERAGE:	973	\$864	\$779	\$116,862	\$0.80	\$84.56	\$9.00

INCOME

Total Net Rentable Sq Ft: **145,938**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$8.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.71%	\$411	0.42
Management	4.07%	356	0.37
Payroll & Payroll Tax	12.12%	1,059	1.09
Repairs & Maintenance	5.28%	462	0.47
Utilities	1.78%	156	0.16
Water, Sewer, Trash	2.18%	191	0.20
Property Insurance	3.38%	295	0.30
Property Tax 2.4372	7.31%	639	0.66
Reserve for Replacements	2.86%	250	0.26
Other: compl fees	1.14%	100	0.10
TOTAL EXPENSES	44.85%	\$3,918	\$4.03
NET OPERATING INC	55.15%	\$4,819	\$4.95

DEBT SERVICE

First Lien: Capmark Finance	43.92%	\$3,837	\$3.94
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	11.23%	\$981	\$1.01

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		7.99%	\$8,500	\$8.74
Off-Sites		0.00%	0	0.00
Sitework		8.36%	8,892	9.14
Direct Construction		45.85%	48,754	50.11
Contingency	4.56%	2.47%	2,626	2.70
General Req'ts	5.47%	2.96%	3,152	3.24
Contractor's G & A	1.82%	0.99%	1,051	1.08
Contractor's Profit	5.47%	2.96%	3,152	3.24
Indirect Construction		2.76%	2,933	3.01
Ineligible Costs		7.79%	8,280	8.51
Developer's G & A	1.89%	1.38%	1,464	1.50
Developer's Profit	12.29%	8.95%	9,513	9.78
Interim Financing		6.44%	6,847	7.04
Reserves		1.10%	1,175	1.21
TOTAL COST		100.00%	\$106,339	\$109.30
Construction Cost Recap		63.60%	\$67,627	\$69.51

SOURCES OF FUNDS

First Lien: Capmark Finance	50.15%	\$53,333	\$54.82
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication: Boston Capital	34.82%	\$37,028	\$38.06
Deferred Developer Fees	10.05%	\$10,684	\$10.98
Additional (Excess) Funds Req'd	4.98%	\$5,293	\$5.44
TOTAL SOURCES			

	TDHCA	APPLICANT
	\$1,402,344	\$1,402,344
	14,400	14,400
	0	0
	\$1,416,744	\$1,416,744
	(106,256)	(106,260)
	0	0
	\$1,310,488	\$1,310,484
	\$61,689	\$47,400
	53,382	52,420
	158,854	147,600
	69,251	64,400
	23,334	30,000
	28,602	32,000
	44,259	42,000
	95,831	90,000
	37,500	37,500
	15,000	15,000
	\$587,703	\$558,320
	\$722,786	\$752,164
	\$575,569	\$625,921
	0	0
	0	0
	\$147,217	\$126,243
	1.26	1.20
		1.31

	PER SQ FT	PER UNIT	% OF EGI
	\$0.32	\$316	3.62%
	0.36	349	4.00%
	1.01	984	11.26%
	0.44	429	4.91%
	0.21	200	2.29%
	0.22	213	2.44%
	0.29	280	3.20%
	0.62	600	6.87%
	0.26	250	2.86%
	0.10	100	1.14%
	\$3.83	\$3,722	42.60%
	\$5.15	\$5,014	57.40%
	\$4.29	\$4,173	47.76%
	\$0.00	\$0	0.00%
	\$0.00	\$0	0.00%
	\$0.87	\$842	9.63%

RECOMMENDED

	\$8,000,000	\$8,000,000	\$8,000,000	Developer Fee Available
	0	0	0	\$1,626,500
	5,554,179	5,554,179	5,486,760	% of Dev. Fee Deferred
	1,602,653	1,602,653	1,626,500	100%
	794,000	(1)	43,571	15-Yr Cumulative Cash Flow
	\$15,950,832	\$15,156,831	\$15,156,831	\$4,540,357

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Terraces at Cibolo, Boerne, MRB / 4% HTC, 07604

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$49.74	\$7,258,535
Adjustments				
Exterior Wall Finish	4.64%		\$2.31	\$336,796
Elderly + 9-Ft. Ceilings	6.00%		2.98	435,512
Plumbing roughins	\$340	150	0.35	51,000
Subfloor			(1.43)	(208,217)
Floor Cover			2.22	323,982
Porches/Balconies	\$18.93	22,324	2.89	422,482
Plumbing fixtures	\$680	234	1.09	159,120
Built-In Appliances	\$1,675	150	1.72	251,250
Stairs	\$1,900	16	0.21	30,400
Enclosed Corridors	\$39.82		0.00	0
Heating/Cooling			1.73	252,473
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$70.97	2,247	1.09	159,458
Other: ELEVATORS	\$52,750	2	0.72	105,500
SUBTOTAL			65.63	9,578,292
Current Cost Multiplier	1.08		5.25	766,263
Local Multiplier	0.86		(9.19)	(1,340,961)
TOTAL DIRECT CONSTRUCTION COSTS			\$61.69	\$9,003,594
Plans, specs, survy, bld prm	3.90%		(2.41)	(351,140)
Interim Construction Interes	3.38%		(2.08)	(303,871)
Contractor's OH & Profit	11.50%		(7.09)	(1,035,413)
NET DIRECT CONSTRUCTION COSTS			\$50.11	\$7,313,169

PAYMENT COMPUTATION

Primary	\$8,000,000	Amort	360
Int Rate	6.00%	DCR	1.26
Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.26
Additional		Amort	
Int Rate		Aggregate DCR	1.26

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO1

Primary Debt Service	\$575,569
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$176,595

Primary	\$8,000,000	Amort	360
Int Rate	6.00%	DCR	1.31
Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31
Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NO1)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,402,344	\$1,444,414	\$1,487,747	\$1,532,379	\$1,578,351	\$1,829,741	\$2,121,171	\$2,459,019	\$3,304,715
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,416,744	1,459,246	1,503,024	1,548,114	1,594,558	1,848,530	2,142,952	2,484,269	3,338,650
Vacancy & Collection Loss	(106,260)	(109,443)	(112,727)	(116,109)	(119,592)	(138,640)	(160,721)	(186,320)	(250,399)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,310,484	\$1,349,803	\$1,390,297	\$1,432,006	\$1,474,966	\$1,709,890	\$1,982,231	\$2,297,949	\$3,088,251
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$47,400	\$49,296	\$51,268	\$53,319	\$55,451	\$67,465	\$82,081	\$99,865	\$147,824
Management	52,420	53,993	55,613	57,281	58,999	68,396	79,290	91,919	123,532
Payroll & Payroll Tax	147,600	153,504	159,644	166,030	172,671	210,081	255,595	310,971	460,313
Repairs & Maintenance	64,400	66,976	69,655	72,441	75,339	91,661	111,520	135,681	200,841
Utilities	30,000	31,200	32,448	33,746	35,096	42,699	51,950	63,205	93,560
Water, Sewer & Trash	32,000	33,280	34,611	35,996	37,435	45,546	55,414	67,419	99,797
Insurance	42,000	43,680	45,427	47,244	49,134	59,779	72,730	88,488	130,983
Property Tax	90,000	93,600	97,344	101,238	105,287	128,098	155,851	189,616	280,679
Reserve for Replacements	37,500	39,000	40,560	42,182	43,870	53,374	64,938	79,007	116,949
Other	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
TOTAL EXPENSES	\$558,320	\$580,129	\$602,794	\$626,350	\$650,831	\$788,450	\$955,345	\$1,157,774	\$1,701,257
NET OPERATING INCOME	\$752,164	\$769,674	\$787,503	\$805,656	\$824,135	\$921,440	\$1,026,886	\$1,140,175	\$1,386,994
DEBT SERVICE									
First Lien Financing	\$575,569	\$575,569	\$575,569	\$575,569	\$575,569	\$575,569	\$575,569	\$575,569	\$575,569
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$176,595	\$194,106	\$211,934	\$230,088	\$248,567	\$345,871	\$451,317	\$564,606	\$811,425
DEBT COVERAGE RATIO	1.31	1.34	1.37	1.40	1.43	1.60	1.78	1.98	2.41

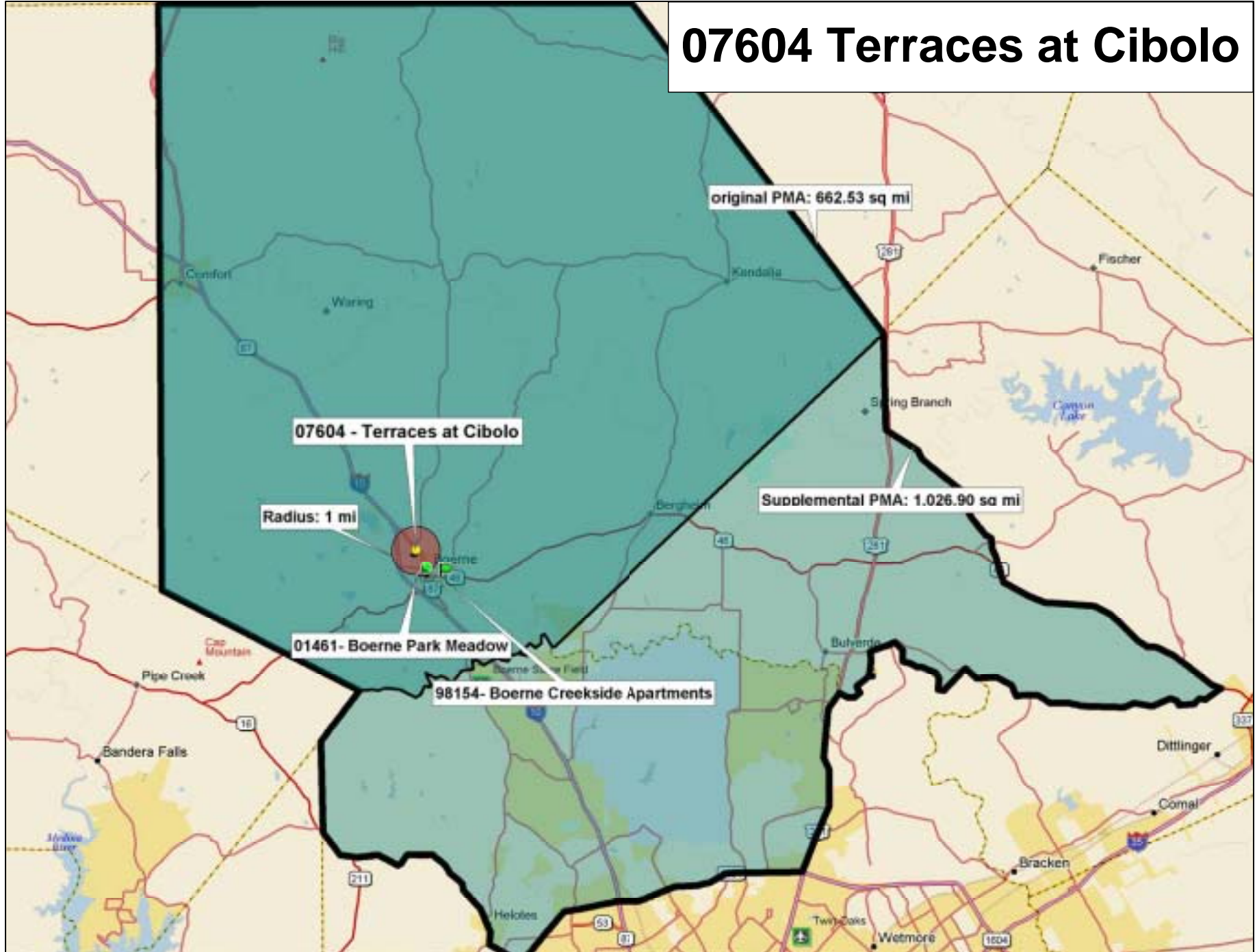
HTC ALLOCATION ANALYSIS -Terraces at Cibolo, Boerne, MRB / 4% HTC, 07604

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,275,000	\$1,275,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,333,872	\$1,333,872	\$1,333,872	\$1,333,872
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$6,545,400	\$7,313,169	\$6,545,400	\$7,313,169
(4) Contractor Fees & General Requirements				
Contractor overhead	\$157,585	\$157,585	\$157,585	\$157,585
Contractor profit	\$472,756	\$472,756	\$472,756	\$472,756
General requirements	\$472,756	\$472,756	\$472,756	\$472,756
(5) Contingencies				
	\$393,964	\$393,964	\$393,964	\$393,964
(6) Eligible Indirect Fees				
	\$440,000	\$440,000	\$440,000	\$440,000
(7) Eligible Financing Fees				
	\$1,027,000	\$1,027,000	\$1,027,000	\$1,027,000
(8) All Ineligible Costs				
	\$1,242,013	\$1,242,013		
(9) Developer Fees				
			\$1,626,500	
Developer overhead	\$219,531	\$219,531		\$219,531
Developer fee	\$1,426,954	\$1,426,954		\$1,426,954
(10) Development Reserves				
	\$150,000	\$176,232		
TOTAL DEVELOPMENT COSTS	\$15,156,831	\$15,950,832	\$12,469,832	\$13,257,587

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$12,469,832	\$13,257,587
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$16,210,782	\$17,234,864
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$16,210,782	\$17,234,864
Applicable Percentage		3.63%	3.63%
TOTAL AMOUNT OF TAX CREDITS		\$588,451	\$625,626

Syndication Proceeds	0.9324	\$5,486,760	\$5,833,375
Total Tax Credits (Eligible Basis Method)		\$588,451	\$625,626
Syndication Proceeds		\$5,486,760	\$5,833,375
Requested Tax Credits		\$595,682	
Syndication Proceeds		\$5,554,179	
Gap of Syndication Proceeds Needed		\$7,156,831	
Total Tax Credits (Gap Method)		\$767,565	

07604 Terraces at Cibolo



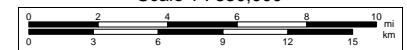
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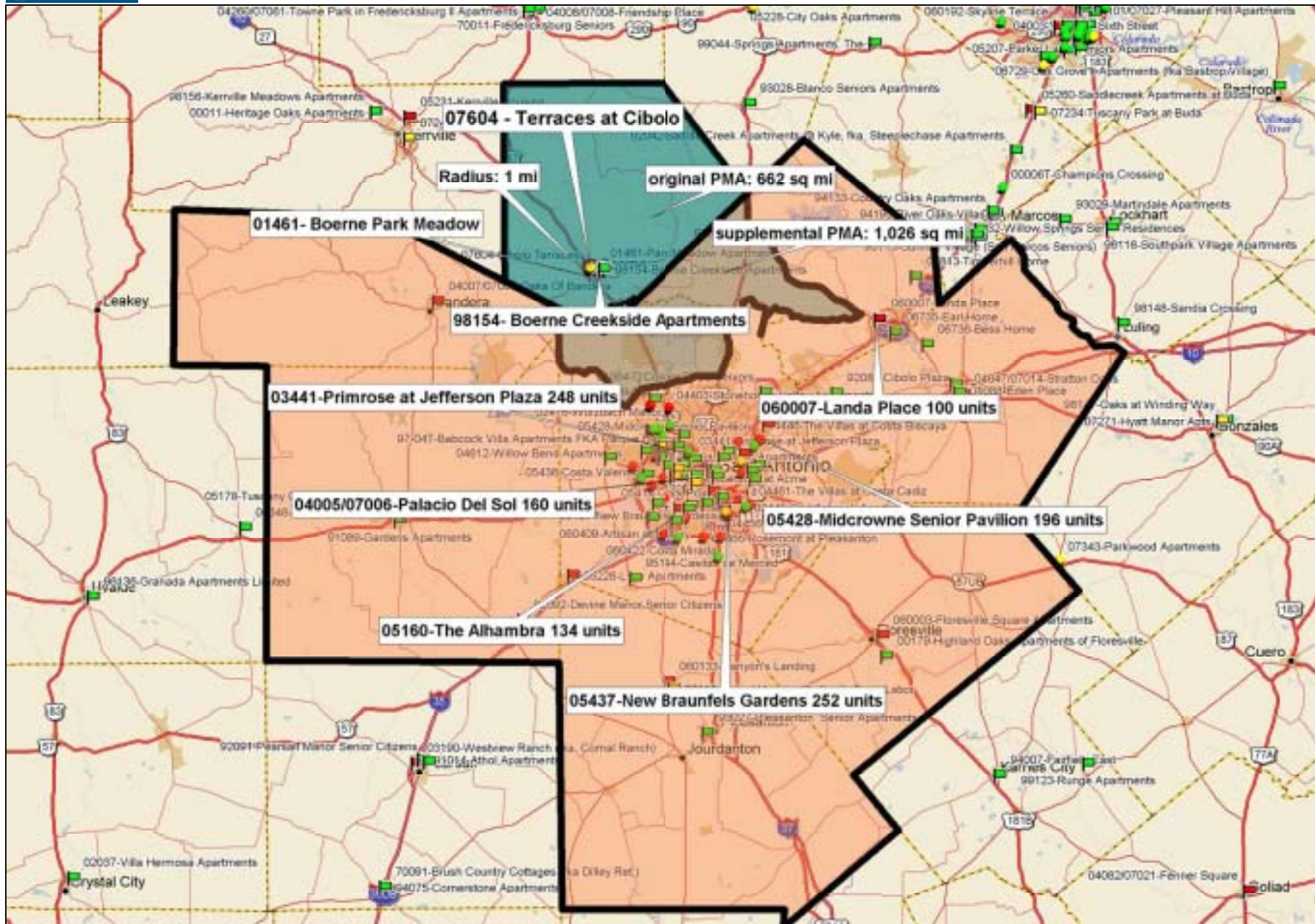


Scale 1 : 350,000



1" = 5.52 mi

Data Zoom 9-2

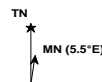


07604 Terraces at Cibolo - Secondary Market Area

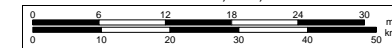
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Scale 1 : 1,100,000



1" = 17.36 mi

Data Zoom 7-5

Applicant Evaluation

Project ID # **07604**

Name: **Cibolo Terraces**

City: **Boerne**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 33

Projects zero to nine: 31
 grouped ten to nineteen: 1
 by score twenty to twenty-nine: 1

Projects in Material Noncompliance

Yes No

in noncompliance: 0

monitored with a score less than thirty: 33

not yet monitored or pending review: 8

Projects not reported Yes
 in application No

of projects not reported 0

Portfolio Monitoring

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Single Audit

Not applicable
 Review pending
 No unresolved issues
 Issues found regarding late cert
 Issues found regarding late audit
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Portfolio Analysis

Not applicable
 No unresolved issues
 Not current on set-ups
 Not current on draws
 Not current on match

Reviewed by Patricia Murphy

Date 4/5/2007

Multifamily Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Reviewer S. Roth
 Date 4/5/2007

Single Family Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Reviewer M. Tynan
 Date 4/4/2007

Real Estate Analysis (Workout)

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Reviewer David Burrell
 Date 4/4/2007

Community Affairs

No relationship
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Reviewer EEF
 Date 4/5/2007

Office of Colonia Initiatives

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that
 warrant disqualification
 (Comments attached)

Reviewer Raul Gonzales
 Date 4/4/2007

Financial Administration

No delinquencies found
 Delinquencies found

Reviewer Monica C Guerra
 Date 4/4/2007

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
TERRACES AT CIBOLO APARTMENTS

PUBLIC HEARING

Auditorium
Boerne Middle School North
240 West Johns Road
Boerne, Texas

February 21, 2007
6:00 p.m.

BEFORE :

SHARON GAMBLE, Housing Specialist, TDHCA

ALSO PRESENT :

GRANGER MacDONALD

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

MS. GAMBLE: Okay. We're going to go ahead and get started. We've got a nice, small group. So I think we can be, you know, just a little bit informal.

We'll start off. I'll give you a little presentation and tel you about the funding programs that Mr. MacDonald has applied for through -- oh. I'm sorry. My name is Sharon Gamble, and I work for the Texas Department of Housing and Community Affairs in Austin. And so that's my connection here.

And Mr. MacDonald has applied to TDHCA -- that's the acronym for our department -- for some federal funding or -- for some bonding funding. And I'm going to tell you a little bit about the programs that he has applied to and a little bit about what we do, and then I'll open the floor up to Mr. MacDonald so that he can tell you anything that he wants to tell you about these specific apartments.

Then I have a little speech here that the IRS requires me to read, and then we'll open up the floor to any public comments or questions that you have either for me or for Mr. MacDonald. And that'll all be on a tape being publicly recorded.

So I'll start with my little presentation here.

Mr. MacDonald has applied for actually two programs through our department. He has applied for tax-exempt bond financing, and he has also applied for Housing Tax Credits.

The IRS kind of established these programs, and they're sort of incentive programs to encourage developers like Mr. MacDonald to build affordable housing. He could be out building market rate housing, you know, not having to go through this, making, you know, as much money as he wants to do. We're thankful that he's, you know, involved in this program, though. So the -- and then the Housing Tax Credit is also another one of the federal incentive programs.

The tax-exemption. I said tax-exempt bonds. The tax-exemption is not a property tax exemption. So there will be, you know, property taxes paid on the property. The tax-exempt goes to the people who wind up purchasing the bonds. Sort of they get a tax break in exchange for purchasing the bonds.

And the IRS credit. I talked about the tax credits that he also applied for. Those credits go to the development. They don't go to Mr. MacDonald. They stay with the development. So even if it changed hands, the tax credits would still stay with the development. And

the tax credits are kind of what helps the development have extra money so that it can stay affordable. It can charge lower rents and stay affordable that way.

The development that's going up over here is an elderly project or -- it's a project that's targeted to elderly individuals. Excuse me. And it's affordable, and it's going to be that way for 30 years. Mr. MacDonald's going to sign an agreement that's going to keep it affordable for at least 30 years. It might go beyond that, but, at least 30 years, nothing's going to change.

It's going to be elderly, and it's going to be affordable. I don't care who buys it, or whatever. That's how it's going to be.

The Department is going to in that time period do a lot of watching with the building, making sure that it's getting built properly. They're going to come out and inspect it during and after it's built.

There's what's called a compliance period where we will actually send people out here to inspect the property periodically, look at their books and look at their tenants and make sure that everybody in there is elderly and that their income meets all the income restrictions, so that we can make sure that he's following, you know, the program that he's signed on to.

And that's 30 years or as long as the bonds are outstanding on it. So it'll be probably --

MR. WILKINSON: There will be [inaudible]?

MS. GAMBLE: It'll be -- yes, likely be 30 years. And a lot of the projects -- I don't know off the top of my head. Mr. MacDonald might be able to tell you exactly.

Most of the projects that we build provide services for their residents. Since this is an elderly project, some of the services that -- they might have meal programs where like Meals on Wheels will bring food. They might have exercise programs. They might have people coming in and doing health screenings, offering flu shots, those sorts of things. But those are just some of the kinds of services that the developers of these projects usually provide.

And just the main thing to know about this is that, you know, it's a project that's going to be privately built and privately owned. It's not going to be owned by the federal government. It's not going to be -- it's not a HUD property or anything like that. It's private ownership. And so it's going to be kept up by private owners and fairly local owners, who, you know, are much better at keeping things up, I think, than, you know,

owners that are off site or may be in Washington, or whatever.

So that's basically the program that I represent here. I'll let Mr. MacDonald now come and give you some information specifically about the development that he's building.

MR. MacDONALD: I was -- thank you. You did a wonderful job.

MS. GAMBLE: Oh, thank you.

MR. MacDONALD: I was in San Angelo doing the same thing earlier today and -- in front of the city council of San Angelo. And the item prior to me was how their tax base was eroding and they were going to have to raise water rates and sewer rates and everything else to make up for their eroding tax base.

So I started off there by saying, I have three things I want to tell you; we're going to pay taxes, we're going to pay taxes, we're going to pay taxes. And one of the council people immediately said, I move approval --

(General laughter.)

MR. MacDONALD: -- which was -- which I guess is the main thing that a lot of folks ask: Are we going to pay property taxes; are we doing our fair share for the community. And the answer to that is, Most definitely

yes.

We pointed out just a little bit ago about our community services. We have a staff person, Camilla Rue [phonetic], who used to work in this region for ACOG. And she does our community services for our seniors. And what we do there is -- we check on their health and their well-being. We make sure they have transportation to doctor's visits.

A good number of our folks do not have vehicles any longer. And we see if they need assistance or Meals on Wheels, if they need nursing care through several different programs. We'll set up where somebody will come in and help them clean house once a week or -- and tend to other needs. And it really is good.

We try to keep our seniors as long as we can before they have to go to a care facility, where they need some sort of assisted living. We're independent living, and we do everything we can to help them stay independent as long as they can. And that's a real good thing that we do for our folks, and it's good for us. I mean I have to tell you we love to keep our folks as long as we can.

But it's the same thing that we do over at Park Meadows. And Park Meadows, which is a very similar project, is financed identically and done the same way.

Part of the reason we feel like we can make a success of this is we have a waiting list at Park Meadows of 165 people. And it's to the point that folks don't even leave their names when they hear they're that far behind the list, because we only turn over 12 or 14 units a year, so -- out of the 100 that we have there.

So consequently, our folks move in, and they set up. And they're not, you know, in and out particularly. And tragically enough, the only way we lose folks is to assisted living or if they pass on or something. But typically, it's -- they're with us a good number of years, and that's why we like to take care of them.

And I think you've about covered this.

If there's any questions, I'll be glad to answer them.

Yes, ma'am?

MS. LYND: Are all of the units rentals?

MR. MacDONALD: Yes, ma'am. It's all rentals.

MS. LYND: Okay. So there's not going to be [inaudible]?

MR. MacDONALD: No, ma'am.

MS. WILKINSON: And they would be similar in structure to the ones at Park Meadows?

MR. MacDONALD: Yes, ma'am. They are. They're going to be awful similar. We're extremely big on all of our seniors deals having big porches and areas that folks can get out. And, you know, part of why we live in the hill country is on an afternoon like right now, you can go outside. And it's just -- and we don't want everybody cooped up inside, you know, any more than we have to.

MS. WILKINSON: That's a very nice development.

MR. MacDONALD: Thank you. We're real proud of that.

MS. WILKINSON: It is.

MR. MacDONALD: Yes. We're real proud of it.

MS. WILKINSON: And of course, it's in an ideal location, too.

MR. MacDONALD: Yep.

MS. WILKINSON: It couldn't be a much better location, over there, with it's proximity to the Rainbow Center --

MR. MacDONALD: Right.

MS. WILKINSON: -- and out of the way.

MR. MacDONALD: We do -- we have a very niche clubhouse. It runs about -- it's about 5,200 square feet, and it has got a kitchen built into it.

And it's real funny. We build clubhouses on all of our properties, whether they're family or seniors.

The family folks never use the thing. They come in and they look at it, and they go, Isn't this nice, and all this. The seniors are there all the time. It's a great place for them to meet and gather, and we have pot-luck dinners and things like that going on.

We have a weight room in the deal for people to do some aerobics and stuff like that. We have -- I think we have four computers online, and we call those the grandkid e-mail room and -- because a lot of our folks don't have computers, but, you know, they've got -- their grandkids all have computers. And so we have a library that we have, and they can just come check out books -- a video library, as well as books, that we do. And we get a lot of use out of our community center.

MS. LYND: Okay. The units themselves -- I believe you said some of them are like apartment units and some of them are like townhouses.

MR. MacDONALD: Well, they're all apartments.

MS. LYND: They're -- well, the way they're built?

MR. MacDONALD: Right. They're -- you know, they're very large units for -- under apartment standards.

And part of the reason why we do that is because we have a lot of space in ours, because we're 100 percent accessible and ADA compliant. So we have big turning radiuses, you know, and our kitchens have got to have wider doors -- wider bathrooms, and wider stiff. So that's why our square footages are so big.

MR. WILKINSON: They're actually fourplex units?

MR. MacDONALD: These will be eightplex and twelveplex, but they're going to be the similar design where they have -- they're kind of like pods. And so they'll have the patios around them. Everybody will have a balcony/patio-type area.

MS. WILKINSON: They'll be single story, though?

MR. MacDONALD: We're going to be for the most part a single story. Probably over behind closer up to -- right on Mr. Vaught's [phonetic] line, we may have one building that's two-story or three-. We're not sure. And it's because we have to redo some things to allow for the drainage that they gave us when -- anyway.

MS. WILKINSON: Yes. Okay.

MR. MacDONALD: And we're actually going to help Mr. Vaught get some water off of his property. His

road creates a dam that goes back into his property, and we're going to be able to take that water and bring it through and get it down to the creek and get it out of the way.

MS. WILKINSON: I was just by the plat before. And I suppose you've changed it since then a little bit since you said you had to re-arrange maybe one- or two-story --

MR. MacDONALD: Right. And part of that was because the city intends to bring a road in and cross the creek at the very tip of our property, someday over the rainbow. I don't know when they're doing it. But the city asked us if we would not build at the back, that one little back point that kind of forms an arrowhead, up at our -- of our property. And we said we wouldn't so that if they ever decided to put that road in, they'd have access and wouldn't have anything to worry about.

MR. WILKINSON: Is that like an outer loop that they're thinking of?

MR. MacDONALD: I think that's -- I think they want to connect it through. And I guess they're going to bring something from the intersection back past Trada and Mr. Vaught and down that way and then go across.

MR. WILKINSON: Yes. But that's all proposed?

MR. MacDONALD: That is. You know, they don't have any idea when they're thinking about it or funding it. But we complied that we wouldn't build a building there and mess up their plan.

MR. WILKINSON: But are you going to run into an flood plain problems?

MR. MacDONALD: We're staying way back out of the flood plain. Part of our agreement with the state is we can't build in a 100-year flood plane or in the flood-way.

MS. WILKINSON: I think your little retainage area is probably going to be in the flood plain.

MR. MacDONALD: Well, I'm talking about our buildings.

MS. WILKINSON: Yes.

MR. MacDONALD: Yes.

MS. WILKINSON: Your --

MR. MacDONALD: Yes. We've got -- with the creek there, we obviously have property that's in the flood-way.

MS. WILKINSON: Yes. They told me, No, you're not in the flood plain. You're just not in the flood plain. Well, when I took pictures, you know, with this much water standing: "Oh, your property does flood."

Duh, you know. And that was, you know, closer to my house than where it comes across at the little pond and the little stream.

MR. MacDONALD: You know, one of the first things you can always do when you look at a piece of property -- we do this for a living -- is go look where all the old fences are, because I will assure you that the old guy who put in that old, rotten fence -- you'll always see kind of the tree line meandering where -- I will guarantee you that if someone does an accurate study, that's the 100-year flood line.

(General laughter.)

MR. MacDONALD: And if someone tells you that the 100-year flood line is somewhere different, you had better check it, because usually the old fellow who lived there for 200 years and put those fences in and got tired of replacing them when they washed out -- he knew where the damned flood line was.

MS. WILKINSON: Oh, yes. And not only do I have an old, rotted-out fence, but I also have a rock fence that has been buried every time -- lots of times. And it's part of this puddle that we call a pond every once in awhile. It's a wet-weather pond. It's not there all the time.

MR. MacDONALD: Right.

MS. WILKINSON: But -- and you can tell that yeah, somebody had put in a fence at that time, which -- it may go down eight feet. I don't know. We've never really dug it up, and we don't want to. But yeah, so we're definitely in the flood plain. And I dare somebody that's 100 years old to come and tell me I'm not.

MR. MacDONALD: Exactly.

MR. WILKINSON: I've seen your plat. And on the Fabra road -- is the entrance right off of Fabra?

MR. MacDONALD: Yes, sir.

MR. WILKINSON: And there's -- it's narrow on that end, and then it expands back.

MR. MacDONALD: That's correct.

MR. WILKINSON: What are you having up right on Fabra?

MR. MacDONALD: We don't have any plans at this time.

MR. WILKINSON: I got you.

MS. LYND: Okay. So they're kind of have to like go over the hill to build the rest of it?

MR. MacDONALD: Right. But we have agreed to deed restrict whatever we do on the whole site for seniors. So either we'll add on more units or maybe like

seniors town homes or something, but the whole site will be for seniors.

MR. WILKINSON: Right. I got you. Good.

MS. LYND: So you're not starting out in a small way, anyway. You're starting out in a big way and maybe adding to it?

MR. MacDONALD: Right.

MS. LYND: Right. And I remember the plat was -- most of the garden homes -- I think they were called -- were towards the front, and there were two on the right side.

MR. MacDONALD: That's correct.

MS. LYND: I don't remember anything being on the left side, though, toward the --

MR. MacDONALD: There's a few there. But we kind of alternate each -- you know, what we're doing in the preliminary cut, alternating each side of the street.

MS. LYND: And you did say that there was --

MR. MacDONALD: You know, the property's just not real wide there.

MS. LYND: No.

MR. MacDONALD: And it's -- you know. And we wanted to get off of that easement that Mr. Cross has been using and get away from it. And --

MS. LYND: Yes, which is -- he loved it.
Anyway, you said that there would be a fence?

MR. MacDONALD: Yes.

MS. LYND: Okay. What kind of fence? Do you know?

MR. MacDONALD: We'll have to put privacy fence around the entire property. And we do that. And frankly, we do that for our tenants' safety.

MS. WILKINSON: Oh, yes. Sure.

MR. MacDONALD: I mean we want our folks to not feel like they've got to worry about --

MS. WILKINSON: Don't want them wandering deer.

MR. MacDONALD: We don't mind the deer, but we have to be sure we're completely fenced.

MS. LYND: Yes. Well, we were just picking up the trash on the side of the road and got a great, big garbage can over the weekend.

You all saw me.

MS. WILKINSON: Yes.

MS. LYND: Just from people throwing stuff on the property.

MS. WILKINSON: Yes. And there's --

MS. LYND: There was something else there today.

MS. WILKINSON: Oh, yeah, constant. And it -- there's a lot of wildlife, not just deer.

MS. LYND: Deer, rabbits, vultures.

MS. WILKINSON: Oh, yes.

MS. LYND: So we're ready.

MR. MacDONALD: Oh, I'm plenty used to it.

MR. WILKINSON: It's a neat place.

MS. LYND: Yes. You've been in Kerrville, yes.

MR. WILKINSON: It'll be a neat place to live.

MS. WILKINSON: It is.

MR. MacDONALD: I live in the country.

MS. WILKINSON: It is. It's a beautiful area.

MR. MacDONALD: Yes.

MS. WILKINSON: It is.

MS. LYND: Are you going to try to keep the oaks and other vegetation as much as possible?

MR. MacDONALD: Yes.

MS. LYND: Especially at the front, I'm sure.

MR. MacDONALD: Right. We're keeping it all -- we're keeping all the trees where ever. We are going to be in complete compliance with the tree ordinance.

MS. LYND: Are the ones that are marked there?

MR. MacDONALD: Yes.

MS. LYND: Okay.

MR. MacDONALD: There -- I've got to get in there pretty quick because there's a bunch of life oak declining there, and I'm really concerned about getting in there and getting some of those fertilized and turning them around.

MR. WILKINSON: Yes. It's coming from the creek --

MR. MacDONALD: Yes, sir.

MR. WILKINSON: -- towards Fabra.

MR. MacDONALD: It always comes from the waterway. That's the way it is at my house.

MR. WILKINSON: Yes. I don't know why.

MR. MacDONALD: And it -- and I live on 400 acres, and the only five trees that I've lost have been inside my yard.

MR. WILKINSON: That's a shame.

MS. WILKINSON: That's amazing.

MR. WILKINSON: I've got those two big ones in front of my place. I would really hate to lose them.

MR. MacDONALD: God, isn't that the truth? I mean you've got a tree you can't put your arms around.

MS. WILKINSON: Oh, yes.

MS. LYND: They were leaning during the storm.

MS. WILKINSON: There's no telling how old they

are. No telling.

MS. LYND: Well, I know. I've got one that's -- I can't get my arms around it.

MS. WILKINSON: Yes. I know.

MS. LYND: And I know -- we have a picture of our son sitting up in the V of it. And it was like this at that time. Of course, that was 30 years ago.

MS. WILKINSON: Yeah.

MS. LYND: They'll keep growing. You can take the cedar out. I don't care.

MR. MacDONALD: You know, I've never had anybody tell me --

MS. LYND: But if you want to bring a dozer over --

MR. MacDONALD: I've never had anybody tell me not to take a cedar tree. I don't know what it is.

MS. LYND: If you want to bring a dozer over to my property, you can take out a few more.

MR. MacDONALD: Well, don't you know somebody who could do that for you?

MS. LYND: Well, yes. But, you know, asking favors -- you know, then you have to find somebody to run it.

MR. MacDONALD: I understand.

MS. LYND: I have friends who have a Bob-cat. They come over hunting for arrowheads.

MR. MacDONALD: On that creek, I'm sure there's plenty.

MS. LYND: Well, we have a mound.

MS. WILKINSON: Isn't that interesting?

MS. LYND: Yes. They've been doing it for like almost four years now, so I think it's mostly gone. But there were some really good tips in there. In fact, you might find something on that property.

MR. MacDONALD: I hope so.

MS. GAMBLE: Did you all have any more questions?

MR. WILKINSON: Well, she was asking one question that he had already answered for me.

MS. WILKINSON: Yes.

MR. WILKINSON: But if you want to go over it again, that would be fine.

MS. WILKINSON: I was just asking where and -- well, when would the construction begin? And where is the entrance into the construction area going to be from? Is it going to be from Mr. Cross' road -- I mean Mr. Heinen's [phonetic] road?

MR. MacDONALD: No. We'll --

MS. WILKINSON: It won't be anywhere near there?

MR. MacDONALD: No.

MS. WILKINSON: It'll be on down?

MR. MacDONALD: The Heinen Road easement that Mr. Cross uses has been in dispute forever.

MS. WILKINSON: Yes.

MR. MacDONALD: And we don't intend to get into that. We're going to stay away from that. We're going to come in our property and exit our property. And that --

MS. WILKINSON: Further down by the apartments --

MR. MacDONALD: Yes, ma'am.

MS. WILKINSON: -- that are being built now?

MR. MacDONALD: By Trada.

MS. WILKINSON: By Trada?

MR. MacDONALD: Right. Right by where our sign is.

MS. WILKINSON: Okay.

MR. WILKINSON: Are they going to move that substation or whatever it is?

MR. MacDONALD: That lift station?

MR. WILKINSON: Yes.

MR. MacDONALD: I don't know what their -- the

intent is. I wouldn't be surprised if they're not going to move it, because -- we're working with the city to bring the sewer line up behind us. And so it might make more sense for them to go, you know, that way. I don't know. Trada's -- that's -- Trada has been messing with that. And --

MS. WILKINSON: Yes.

MR. MacDONALD: I'm going to stay out of that fight. Let them deal with the city.

MS. LYND: Okay. Did that have something to do with the locate flags that were all along the road --

MR. MacDONALD: I have no idea.

MS. LYND: -- for the gas and the sewer lines?

MS. WILKINSON: You probably need to ask --

MS. LYND: The orange and the green ones.

MS. WILKINSON: Yes. We've seen those, too.

MR. MacDONALD: That's -- Trada's doing that.

And the --

MS. LYND: That's -- Trada's doing that?

MR. MacDONALD: Yes. They were probably finding their utility lines.

MR. WILKINSON: They went all the way down the road.

MR. MacDONALD: Did they?

MR. WILKINSON: I think it was the city.

MR. MacDONALD: Really?

MS. LYND: Yeah.

MS. WILKINSON: Yeah. And they go up not quite as far as the Musselwhites' [phonetic].

MS. LYND: Right.

MR. WILKINSON: Yeah, almost to Frederick [phonetic] Road.

MR. MacDONALD: I don't know anything about it.

MS. LYND: Well, see, the water came close.

MR. WILKINSON: They just showed up about two weeks ago.

MS. WILKINSON: Was it two, or --

MR. MacDONALD: I didn't pay anybody to do it.

MS. WILKINSON: I'm sure it'll be --

MS. LYND: That was a little strange. You know, I come home in the afternoon, and I've got these orange and yellow flags like plunk, plunk, plunk, you know.

MR. MacDONALD: It's not us.

MS. LYND: And I don't know who to ask.

MR. MacDONALD: Not us.

MS. LYND: You know, I know one, because there's a man-hole. And my son goes, yeah, okay, jump on

it. It's a man-hole.

MR. MacDONALD: Yeah.

MS. WILKINSON: I don't guess I have any more questions.

MS. GAMBLE: Okay. Then we'll go ahead and move into the official part of it, not that, you know, questions and answers aren't official, but the part that IRS makes us do. I'm going to read a speech. And then from there, if you have any comments to make that you would like to be on-the-record comments, then I'd ask you to -- I didn't get any witness affirmation forms. So was anybody planning to speak?

(Pause.)

MS. GAMBLE: Okay. That's fine.

MS. WILKINSON: You got it.

MS. GAMBLE: Okay.

Good evening. My name is Sharon Gamble. I would like to proceed with the public hearing. Let the record show that it is 6:25 p.m. Wednesday, February 21, 2007, and we are at Boerne Middle School North, located at 240 West Johns Road, Boerne, Texas.

I'm here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily

revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The Department's board is tentatively scheduled to meet to consider the transaction on March 12, 2007. This Board meeting may be rescheduled for the week of March 19. The date of the Board meeting will be posted on the Department's website.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. The Department staff will also accept written comments from the public up to 5:00 p.m. on March 2, 2007.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed \$10,000,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to

Boerne Terraces at Cibolo Apartments, L. P., or a related person or affiliate entity thereof, to finance a portion of the costs of acquiring, constructing and equipping a multifamily rental housing community described as follows:

A 150-unit multifamily residential rental development to be constructed on approximately 17.85 acres of land located at approximately the 100 block of Fabra Street, Boerne, Kendall County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower.

I would like to now open the floor for public comment. If you have signed up to speak, I'll call out your name. At that time, please use this microphone and state your name for the record. You will then have three minutes to make your comments. If you have not already signed up and wish to speak, please come forward now and sign a witness affirmation form before we begin.

(Pause.)

MS. GAMBLE: That's it? Okay.

Since there are no comments, thank you for attending this hearing. The meeting is now adjourned, and the time is now 6:30 p.m. And that's that.

(Whereupon, at 6:30 p.m., this public hearing was concluded.)

C E R T I F I C A T E

IN RE: Terraces at Cibolo Apartments

LOCATION: Boerne, Texas

DATE: February 21, 2007

I do hereby certify that the foregoing pages, numbers 1 through 29, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Stacey Harris before the Texas Department of Housing and Community Affairs.

02/26/2007

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731



REQUEST FOR BOARD ACTION Multifamily Finance Production

Private Activity Bond Program – Waiting List

1 Priority 3 Application for 2007 Waiting List

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation – April 12, 2007
TAB 2	Summary of Applications
TAB 3	Inducement Resolution
TAB 4	Prequalification Analysis Worksheet
TAB 5	Map of Development Site

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007.

Requested Action

Approve, amend or deny the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2007 Private Activity Bond Program for one (1) application.

Background

Each year, the State of Texas is notified of the allocation amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$402 million is set aside for multifamily until August 15th for the 2007 bond program year. TDHCA has a set aside of approximately \$88 million available for new 2007 applications.

Inducement Resolution 07-012 includes one (1) application that was received on or before March 15, 2007. The Department currently does not have any volume cap available. This application will reserve approximately \$7 million in 2007 state volume cap and will await a reservation on the waiting list. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2007 Waiting List. The Board has previously approved twenty-one applications for the 2007 program year totaling \$176,805,000. The approval of the inducement resolution does not assure that the development will ultimately receive approval for a Housing Tax Credit Determination or the Issuance of Private Activity Bonds.

Ennis Senior Estates – A full application for this development was previously brought before the Board at the February 1, 2007 Board meeting. The application was determined to be infeasible under the financial structure presented by the applicant and therefore not recommended for approval by staff. The Department received a new application for bonds, housing tax credits and HOME funds on March 1, 2007.

Demographics: The proposed new construction development will be located approximately 600 feet north of the northwest corner of Rudd Road and Blazek Road, Ellis County. Demographics for the census tract (617.00) include AMFI of \$68,701; the percent of the population that is below the poverty line is 11.38%; the total population is 3,817; the percent of the population that is minority is 14.88%; the number of owner occupied units is 1,165; number of renter occupied units is 166; and the number of vacant units is 84. (*)

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the Inducement Resolution as presented. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.

(* Census Information from FFIEC Geocoding for 2006).

Texas Department of Housing and Community Affairs

2007 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
07624	Ennis Senior Estates 6600 Rudd Road	164	\$ 8,000,000	LRI, IV Ltd. Barry Halla	Recommend
Priority 3	City: Ennis County: Ellis <i>New Construction</i>	Elderly	Score = 69	800 West Airport Freeway, Suite 1100 Irving, Texas 75062 (972) 445-4139	
Totals for Recommended Applications		164	\$ 8,000,000		

RESOLUTION NO. 07-012

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a “Development” and collectively, the “Developments”) as more fully described in Exhibit A attached hereto. The ownership of each Development as more fully described in Exhibit A will consist of the ownership entity and its principals or a related person (each an “Owner” and collectively, the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Development and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Development from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the “Board”) pursuant to the Act (“Eligible Tenants”), that the other requirements of the Act and the Department will be satisfied and that its Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Development an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

- (a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the financing of each Development is a public purpose and will provide a public benefit;
- (d) each Owner is financially responsible; and
- (e) each Development will be undertaken within the authority granted by the Act to the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of each respective Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of its Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Development and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other

expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2007 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State of the State of Texas (the "Secretary of State") and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 12th day of April, 2007.

[SEAL]

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

EXHIBIT "A"

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Ennis Senior Estates	LRI IV, Ltd.	The General Partner will be LRI Ennis Senior Estates, LLC, or other entity, the principal of which will be Life Rebuilders, Inc., or other entity	\$8,000,000
Costs: (i) acquisition of real property located at approximately the 6000 block of Rudd Road, south of Highway 287 and approximately 600 feet north of the northeast intersection of Rudd Road and Blazek Road, Ellis County, Texas; and (ii) the construction thereon of an approximately 164-unit multifamily senior residential rental housing development, in the amount not to exceed \$8,000,000.			

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS**

Ennis Senior Estates, Ennis, TDHCA #07624, Priority 3

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	\$ 605	640	0.95
60% AMI	2BD/1BA	88	\$ 651	830	0.78
LH	1BD/1BA	6	\$ 477	640	0.75
LH	2BD/1BA	6	\$ 564	830	0.68
HH	1BD/1BA	6	\$ 477	640	0.75
HH	2BD/1BA	6	\$ 564	830	0.68
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		164	\$ 1,214,880	123,960	\$ 0.82
Averages			\$ 617	756	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 361,628	\$ 2,205	\$ 2.92	0.02
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 361,628	\$ 2,205	\$ 2.92	0.02
Sitework	1,230,000	7,500	9.92	0.07
Hard Construction Costs	9,192,960	56,055	74.16	0.56
General Requirements (6%)	625,378	3,813	5.04	0.04
Contractor's Overhead (2%)	208,459	1,271	1.68	0.01
Contractor's Profit (6%)	625,378	3,813	5.04	0.04
Construction Contingency	437,760	2,669	3.53	0.03
Subtotal Construction	\$ 12,319,934	\$ 75,122	\$ 99.39	0.75
Indirect Construction	759,225	4,629	6.12	0.05
Developer's Fee	1,259,985	7,683	10.16	0.08
Financing	1,381,604	8,424	11.15	0.08
Reserves	372,854	2,274	3.01	0.02
Subtotal Other Costs	\$ 3,773,668	\$ 23,010	\$ 30	0
Total Uses	\$ 16,455,230	\$ 100,337	\$ 132.75	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,725,620	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 6,540,000	6.00%	30	\$ 470,527
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,259,985	100.0%	\$0	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,900,000	HOME Funds	\$ -	
Total Sources	\$ 13,425,605			\$ 470,527

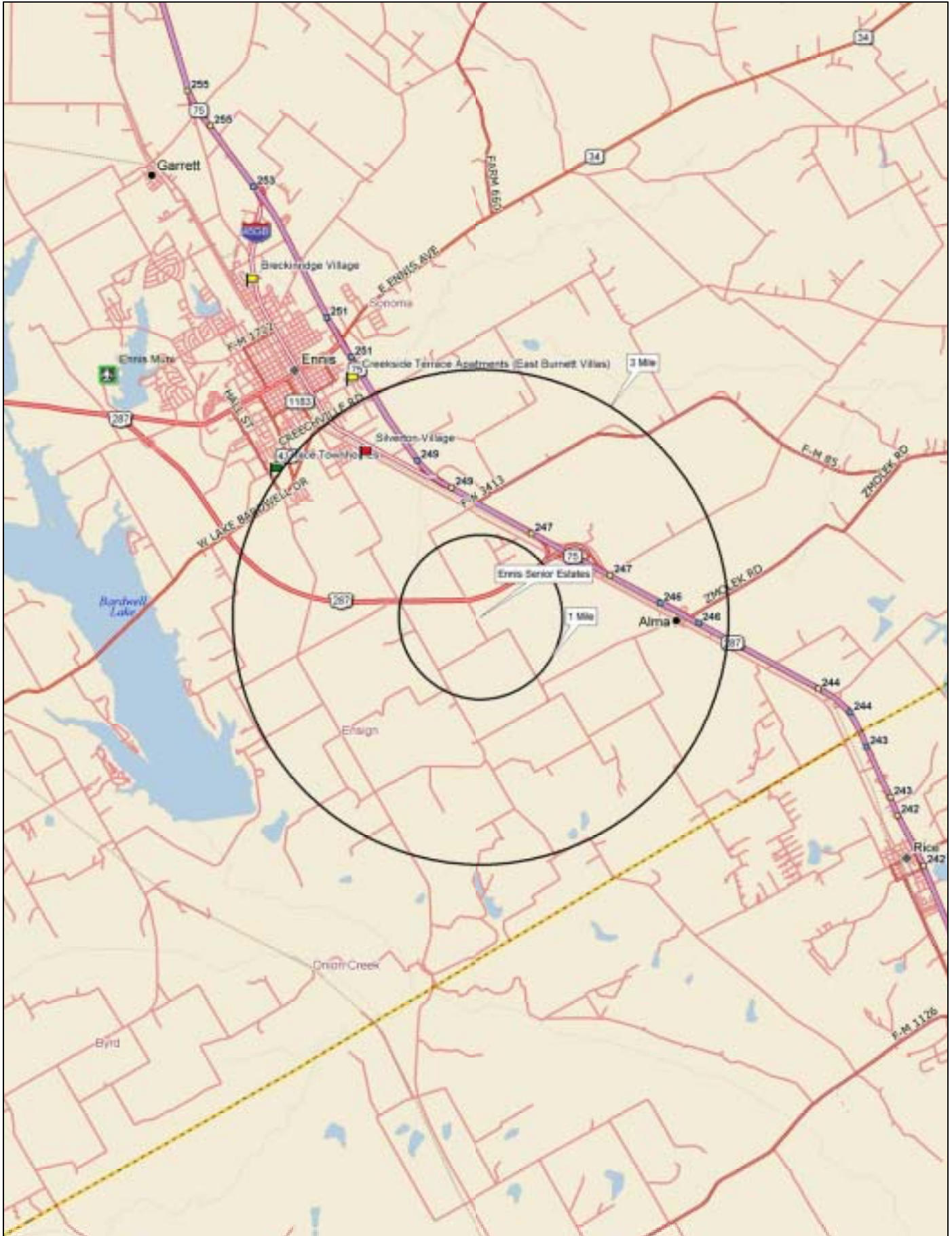
TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,725,620	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 5,987,335	6.00%	30	\$ 430,765
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,000,000	79.4%	\$ 259,985	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,900,000		\$ -	
Total Sources	\$ 16,455,230			\$ 430,765

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,214,880	\$9.80		
Other Income & Loss	29,520	0.24	180	
Vacancy & Collection	-7.44% (92,592)	-0.75	-565	
Effective Gross Income	\$1,151,808	9.29	7,023	
Total Operating Expenses	\$602,584	\$4.86	\$3,674	
Net Operating Income	\$549,224	\$4.43	\$3,349	
Debt Service	470,527	3.80	2,869	
Net Cash Flow	\$78,697	\$0.63	\$480	
Debt Coverage Ratio	1.17			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$78,697	\$0.63	\$480	
DCR after TDHCA Fees	1.17			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	88.33%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,214,880	\$9.80		
Other Income & Loss	29,520	0.24	180	
Vacancy & Collection	7.50% (93,330)	-0.75	-569	
Effective Gross Income	\$1,151,070	9.29	7,019	
Total Operating Expenses	\$656,000	\$5.29	\$4,000	
Net Operating Income	\$495,070	\$3.99	\$3,019	
Debt Service	430,765	3.48	2,627	
Net Cash Flow	\$64,305	\$0.52	\$392	
Debt Coverage Ratio	1.15			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$64,305	\$0.52	\$392	
DCR after TDHCA Fees	1.15			
Break-even Rents/S.F.	0.73			
Break-even Occupancy	89.45%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$43,460	0.35	265
Management Fees	45,679	0.37	279
Payroll, Payroll Tax & Employee Exp.	136,737	1.10	834
Maintenance/Repairs	58,056	0.47	354
Utilities	123,492	1.00	753
Property Insurance	41,000	0.33	250
Property Taxes	114,800	0.93	700
Replacement Reserves	32,800	0.26	200
Other Expenses	6,560	0.05	40
Total Expenses	\$602,584	\$4.86	\$3,674

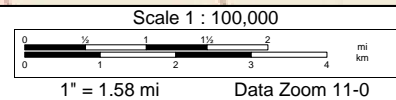
Staff Notes/Comments
Other expenses include compliance fees.



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BOND FINANCE DIVISION

BOARD ACTION REQUEST

April 12, 2007

Action Item

Presentation, Discussion and Possible Approval to establish policy under which Fannie Mae and Freddie Mac securitize TDHCA's conventional mortgage loans.

Required Action

Approve or deny authority of Executive Director to contract with Fannie Mae and Freddie Mac to securitize TDHCA's conventional mortgage loans under Board policy direction.

Background

From 1980 to 1990, TDHCA serviced loans associated with the issuance of the single family bond program. In 1990, TDHCA started moving away from directly servicing these loans by using a master servicer in conjunction with several lenders throughout the State of Texas. These loans are now pooled into certificates and securitized by Government National Mortgage Association (Ginnie Mae) and Federal National Mortgage Association (Fannie Mae). At present, approximately 92% of TDHCA's entire mortgage portfolio are non-conventional loans and 8% conventional loans. The non-conventional loans are securitized by Ginnie Mae and the conventional loans are securitized by Fannie Mae. TDHCA currently has no conventional loans securitized by Freddie Mac although it is permitted to do so under existing bond documents. Both Fannie Mae and Freddie Mac have similar underwriting criteria thus allowing any conventional loan to be securitized by either Fannie Mae or Freddie Mac. Fannie Mae and Freddie Mac can not securitize a non-conventional loan underwritten with Ginnie Mae criteria. HFAs nationwide have begun to see a movement toward conventional loans due to favorable and prudent changes for borrowers that Fannie Mae and Freddie Mac have made to their underwriting criteria. Over the past 10 months, 30% of TDHCA's new loans have been conventional.

Fannie Mae and Freddie Mac have offered to reduce their Guarantee Fee they charge if TDHCA establishes a set amount of conventional loans to securitize conventional mortgage loans with Fannie Mae and Freddie Mac. TDHCA could receive a 62% savings from Fannie Mae by securitizing 70% of the conventional loans. TDHCA could also receive a 40% savings from Freddie Mac by securitizing 30% of the conventional loans. By setting a standard amount of securitized loans and signing contracts providing targeted amounts, the Department can utilize a direct reduction of mortgage rate or a higher servicing acquisition fee from our master servicer, Countrywide.

In choosing to receive the higher servicing acquisition fee from Countrywide, TDHCA would receive 50 additional basis points for Fannie Mae certificates and 30 additional basis points for Freddie Mac certificates. As a result, TDHCA assuming last year's issuance of \$370 million in bonds the additional fees or funds would generate \$488,400. Those servicing fees can only be used to (1) pay off higher interest rate bonds, (2) increase our lendable proceeds by acquiring additional loans on our programs, and (3) buy down mortgage rates on upcoming bond programs.

Freddie Mac has also indicated that they will be willing to look at purchasing a portion of our bonds below market rate.

TDHCA can instruct Countrywide, our master servicer, to direct securitization of conventional loans to both Fannie Mae and Freddie Mac.

Recommendation

Authorize Executive Director to enter in agreements with Fannie Mae and Freddie Mac to securitize TDHCA's conventional mortgage loans according to the general terms of this Board Action.

REPORT ITEMS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber
From: Gordon Anderson
cc: Brooke Boston, Michael Lyttle
Date: April 3, 2007
Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for March 2007. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, March 2007

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	March 1	Portfolio Management and Compliance	Training
Spring Branch Superneighborhood Council Meeting	Houston	March 1	Real Estate Analysis, Policy and Public Affairs	Presentation
HOME Task Force Meeting	Austin	March 6	HOME	Participant
Single Family MRB and Refunding Bond Series 2007	Austin	March 6	Bond Finance	Public Hearing
House Appropriation Committee hearing	Austin	March 7	Policy and Public Affairs	Monitoring
Consolidated Plan discussion with State Health Services	Austin	March 7	Policy and Public Affairs	Participant
Housing Tax Credit Property Compliance Training	Houston	March 8	Portfolio Management and Compliance	Training
Money Follows the Person Meeting	Austin	March 9	Policy and Public Affairs	Participant
House Government Reform Committee	Austin	March 12	Policy and Public Affairs	Monitoring
Urban Affairs/Housing Subcommittee	Austin	March 15	Executive, Policy and Public Affairs	Testimony
Senate Finance Committee	Austin	March 15	Policy and Public Affairs	Monitoring
Senate Finance Committee	Austin	March 20	Policy and Public Affairs	Monitoring
Aging Texas Well conference	Austin	March 21	Policy and Public Affairs	Participant
Disability Advisory Workgroup	Austin	March 21	Policy and Public Affairs	Participant
Meeting with HHS Agencies and Advocates on Boarding Homes	Austin	March 22	Policy and Public Affairs	Participant
HOME Application Workshop/Persons with Disabilities	Dallas	March 23	HOME	Training
HOME Application Workshop/Persons with Disabilities	Houston	March 26	HOME	Training
Texas Assn. of Community Development Corporations 2007 Conference	Austin	March 26-28	Executive, Policy and Public Affairs	Presentation, Exhibitor
Housing Tax Credit Property Compliance Training	Austin	March 27	Portfolio Management and Compliance	Training
HOME Application Workshop/Persons with Disabilities	El Paso	March 27	HOME	Training
CDBG Disaster Recovery Round Table	Beaumont	March 27	Executive, Disaster Recovery	Hearing
HOME Application Workshop/Persons with Disabilities	Austin	March 29	HOME	Training

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM

April 12, 2007

Background

The TDHCA Board requested a monthly, instead of quarterly, status report to provide an updated status on HOME amendments previously approved by the Board.

Summary of HOME Amendment Process

HOME Administrators may request amendments to existing contracts; however, in order for a request to be considered, the Administrator must:

- submit justification, extenuating circumstances, or compelling reasons for the request; and
- submit a request that would still have resulted in an award of HOME funds if the original application had been submitted according to the requested changes; and
- be in compliance with monitoring and auditing requirements for all Department programs.

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) states that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

Summary of Previously Approved HOME Amendments

The following Administrators do not have acceptable progress in the administration of their amended HOME contract:

Contract #	Administrator Name	Reason Progress Not Acceptable
1000186	Brewster County	The contract end date is 3/31/07. 100% of the funds have not been committed and only eight (8) are in process.
1000486	City of Nash	The contract expires 9/28/07 and Administrator has made no progress.
1000020	City of Cotulla	Delinquent Monthly Report
1000156	Val Verde County	Delinquent Monthly Report
1000298	Town of Anthony	Delinquent Monthly Report

Department staff will continue to analyze these contracts to ensure that the Administrators meet their contract obligations.

Board Approval Date	Administrator	Contract Number	Activity Type	Amendment Type	Date Report Received	Progress Acceptable?	Req # of Units	Units in Process	Units @100% (To Date)	Start Date	End Date	Project Budget Amt.	Project Committed Amount	Project Expended Amount	% Time Expired	% Committed	% Drawn Amt.	PMC Update
5/4/2006	Affordable Caring Housing	1000341	TBRA	Match Elimination	2/15/07	Y	35	43	5	10/1/04	3/31/07	\$233,311	\$151,262	\$57,733	99%	65%	25%	A six (6) month contract extension is being processed. Once approved this would allow the Administrator the additional time to meet contractual obligations.
5/4/2006	Affordable Caring Housing	1000342	TBRA	Match Elimination	2/15/07	Y	20	15	19	10/1/04	3/31/07	\$174,048	\$124,371	\$117,741	99%	71%	68%	A six (6) month contract extension is being processed. Once approved this would allow the Administrator the additional time to meet contractual obligations.
6/9/2006	Brewster County	1000186	OCC	Extension	3/9/07	N	9	8	0	1/1/04	3/31/07	\$453,905	\$393,845	\$322,229	99%	87%	71%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
6/9/2006	City of Nash	1000486	OCC	AMFI Modification Match Reduction	3/5/07	N	8	0	0	10/3/05	9/28/07	\$437,463	\$0	\$0	74%	0%	0%	Update to be provided on next report
6/26/2006	Laredo-Webb NHS	542040	HBA	Extension	3/3/07	Y	20	3	15	10/1/03	6/30/07	\$260,913	\$230,913	\$185,913	93%	89%	71%	Construction of sixteen (16) units was reported as 100% completed and four (4) units are at 16%.
7/12/2006	City of Jonestown	1000277	OCC	Reduction in units (8 to 3), Waiver of \$55,000 cap & Ext	3/2/2007	Y	3	3	0	10/1/04	3/31/07	\$191,853	\$165,000	\$0	99%	86%	0%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
7/12/2006	Midland Habitat for Humanity	1000541	HBA	AMFI Modification	3/16/2007	Y	4	2	0	10/3/05	9/28/07	\$40,000	\$20,000	\$0	74%	50%	0%	Construction on two (2) units was reported as 90% complete, one (1) unit at 85% and one (1) unit at 20% complete.
8/30/2006	City of Socorro	542052	HBA	Extension	3/13/07	Y	41	14	32	10/1/03	3/31/07	\$479,366	\$439,366	\$289,366	99%	92%	60%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
10/12/2006	City of Comilla	1000020	OCC	Extension		N	10	10	0	12/1/03	3/31/07	\$465,389	\$465,389	\$136,785	99%	100%	29%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
10/12/2006	City of Mesquite	1000327	OCC	Extension	3/12/2007	Y	3	3	0	10/1/04	3/31/07	\$198,000	\$146,920	\$0	99%	74%	0%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
10/12/2006	La Salle County	1000028	OCC	Extension	3/14/07	Y	10	10	9	12/1/03	3/31/07	\$468,470	\$468,470	\$459,870	99%	100%	98%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
10/12/2006	Val Verde County	1000156	OCC	Extension		N	6	3	3	9/1/03	3/31/07	\$290,395	\$290,395	\$148,640	99%	100%	51%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
11/9/2006	Alpha Concepts	1000301	HBA	Extension	3/21/2007	Y	29	0	0	10/1/04	4/30/08	\$350,000	\$0	\$0	69%	0%	0%	In the process of identifying eligible households.

Board Approval Date	Administrator	Contract Number	Activity Type	Amendment Type	Date Report Received	Progress Acceptable?	Req # of Units	Units in Process	Units @100% (To Date)	Start Date	End Date	Project Budget Amt.	Project Committed Amount	Project Expended Amount	% Time Expired	% Committed	% Drawn Amt.	PMC Update
11/9/2006	City of Lewisville	1000253	OCC	Reduction in units (8 to 6) & Extension	3/9/2007	Y	6	6	0	10/1/04	6/30/07	\$321,884	\$321,884	\$0	90%	100%	0%	Construction on one (1) units was reported as 80% complete, one (1) as 70%, one (1) as 50%, one (1) at 40% and two (2) beginning construction.
11/9/2006	City of Midland	1000264	HBA	Reduction in units (10 to 6) & Extension	3/5/2007	Y	6	6	5	10/1/04	6/30/07	\$41,500	\$41,500	\$34,000	90%	100%	82%	Construction on five (5) units is 100% complete and one (1) unit is at 95% complete.
11/9/2006	City of Pearsall	1000299	OCC	Extension	3/14/2007	Y	10	0	0	10/1/04	4/30/08	\$500,000	\$0	\$0	69%	0%	0%	Process of Procurement
11/9/2006	City of Presidio	1000302	OCC	Extension	3/2/2007	Y	9	0	0	10/1/04	4/30/08	\$448,848	\$0	\$0	69%	0%	0%	Process of Procurement
11/9/2006	City of Texarkana	1000305	OCC	Increase in Budget & Extension	3/7/2007	Y	2	1	1	10/1/04	3/31/07	\$110,000	\$110,000	\$55,000	99%	100%	50%	Administrator has 60 days after end date to submit draw requests. Uncommitted funds will be deobligated.
11/9/2006	Frio County	1000308	OCC	Extension	3/6/2007	Y	10	0	0	10/1/04	4/30/08	\$500,000	\$0	\$0	69%	0%	0%	Construction on four (4) units was reported as 5% complete. The others are in the certification process.
11/9/2006	Town of Anthony	1000298	OCC	Extension		N	4	0	0	10/1/04	4/30/08	\$180,333	\$0	\$0	69%	0%	0%	Update to be provided on next report
11/9/2006	Zapata County	1000297	OCC	Extension	3/14/2007	Y	10	0	0	10/1/04	4/30/08	\$500,000	\$0	\$0	69%	0%	0%	Process of Procurement
12/14/2006	Accessible Community, Inc.	1000360	TBRA	Extension	2/28/2007	Y	65	70	21	2/1/05	10/31/08	\$709,642	\$501,924	\$54,426	57%	71%	50%	Construction on twenty-six (26) units was reported as 100% complete. All others were reported as being in progress.
12/14/2006	Angelina County	1000607	OCC	Extension	3/5/2007	Y	5	0	0	4/17/06	10/31/07	\$300,000	\$0	\$0	60%	0%	0%	In the process of ascertaining clear title on eligible households.
12/14/2006	San Augustine County	1000604	OCC	Extension	3/5/2007	Y	3	0	0	4/17/06	10/31/07	\$166,667	\$0	\$0	60%	0%	0%	Beginning process
12/14/2006	Trinity County	1000605	OCC	Extension	3/7/2007	Y	3	0	0	4/17/06	10/31/07	\$166,667	\$0	\$0	60%	0%	0%	Beginning process

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

EXECUTIVE DIRECTOR'S REPORT ITEM

April 12, 2007

Background

The TDHCA Board requested a report item on the type and number of amendments processed for HOME Investment Partnerships Program (HOME) contracts.

Summary of HOME Amendment Process

HOME Administrators may request amendments to existing contracts; however, in order for a request to be considered, the Administrator must:

- submit justification, extenuating circumstances, or compelling reasons for the request; and
- submit a request that would still have resulted in an award of HOME funds if the original application had been submitted according to the requested changes; and
- be in compliance with monitoring and auditing requirements for all Department programs.

Extensions will only be recommended for active projects that have been set-up (committed) in the Department's Central Database (CDB). Any funds not committed to a project by the contract end date will be deobligated. Amendment requests will be re-scored under the original application criteria. Amendments that would have resulted in an application not being originally funded will not be considered. Amendment requests must be submitted in writing and signed by the person with signature authority on the contract at least thirty (30) days prior to the contract end date. Requests submitted after the contract end date will not be considered.

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3) states that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

Contract Extensions

Contract extensions are the most commonly requested amendment type. From the inception of the CDB in January 2004, 215 of 543 HOME contracts have received contract extension approvals. Historically approximately 39% of the HOME contracts have required a time extension to complete contract performance requirements. Another 136 contracts are scheduled to expire before September 30, 2007. Based on historical data and on progress made on these 136 contracts to date, more extension requests are anticipated. See HOME Contracts – Data on Extended End Date Report as of March 27, 2007 which provides details on each of the 215 extended contracts sorted by Administrator name.

PMC Initiatives

Staff is periodically monitoring the progress of ongoing contracts. Quarterly status reports are sent to Administrators to inform them of their contract performance, and administrators have been given deadlines to submit activity set-ups and draws. The goal of these efforts is to improve the commitment rate and expenditure rate of open contracts.

The 2006 HOME Rules were also revised to include incentives for performance. Applicants will receive points for having received an award and performed in accordance with their contracts and Department rules. If unsatisfactory performance exists on any prior award regardless of set aside or activity, a score of zero points will result for that category. In cases where entities have been funded for multiple years, the most recent award will be reviewed for performance. Unsatisfactory past performance on any contract will be forgiven if two (2) years from the application deadline date has elapsed.

Data on HOME Amendments Processed

Amendment Type	FY 2005	FY 2006	FY 2007 (To Date)	FY 2007 (To Date)*
AMFI Revision	12	20	7	7
Budget Modification	18	16	7	170
Contract Extension	100	114	40	40
Loan Modification	1	11	1	1
Performance Statement	3	14	7	7
Revise # of Units	11	3	1	1
Match Reduction		16	11	11
60 Day Waiver		24	9	9
Other		5	1	1
Totals	145	223	84	247

* Includes 163 amendments approved at the February 1, 2007 board meeting to increase contract budgets on 2005 and 2006 OCC contracts to allow maximum amount of assistance for each household to increase from \$55,000 to \$60,000.

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

**EXECUTIVE DIRECTOR'S REPORT ITEM
APRIL 12, 2007**

Background

The TDHCA Board requested a report item on the status of balances for the HOME Program. After adjustments for board approved awards and for pending NOFAs, the Department has \$10,651,231.01 in HOME funds available to commit.

Upon approval of the deobligation policy by the Board on this April agenda, staff will proceed with identifying strategies for programming these funds available to commit.

**HOME FUNDS AVAILABLE TO COMMIT
AS OF MARCH 14, 2007**

	CHDO	Non-CHDO	TOTAL
Balance Per IDIS Report PR27- Status of Home Grants	\$9,440,148.01	\$14,702,163.00	\$24,142,311.01
Less: (Approved commitments not in IDIS)			
S/F Applications approved by the Board (Disaster/Colonia Model Subdivision)	(\$2,816,043.00)	(\$610,000.00)	
S/F OCC Increases approved by the Board		(\$5,278,789.00)	
2006 CHDO Hurricane Rita funds (pending transfer from HUD to the EN Acct)	(\$6,095,463.00)	\$6,095,463.00	
Total Deductions	(\$8,911,506.00)	\$206,674.00	(\$8,704,832.00)
Available to Commit <u>BEFORE</u> set asides	\$528,642.01	\$14,908,837.00	\$15,437,479.01
2006 Colonia Model Subdivision Loan Program (Pending NOFA)	(\$1,000,000.00)		
2006 Multi Family Development (Remaining NOFA Balance)	(\$1,786,248.00)		
2006 Contract for Deed Conversion		(\$2,000,000.00)	
Total Set asides	(\$2,786,248.00)	(\$2,000,000.00)	(\$4,786,248.00)
Total Available to Commit <u>AFTER</u> set asides	(\$2,257,605.99)	\$12,908,837.00	\$10,651,231.01

Real Estate Analysis Division

EXECUTIVE DIRECTOR'S REPORT ITEM

April 12, 2007

Item

Presentation and discussion of status of review of options regarding a timely filed appeal of the underwriting recommendation for a development under the HOME program, Floresville Senior Housing in Floresville, TX.

Background

060247 Floresville Senior Housing

The Center for Housing and Economic Opportunities Corporation, the Managing General Partner of the Applicant, submitted an application for funding under the HOME CHDO program to develop 24 multifamily rental units targeting the elderly. The Applicant appeal was presented at the March 20, 2007 Board meeting, but was tabled and Staff was directed to identify and discuss additional options with the Applicant.

Staff met with the Applicant on March 27, 2007. An extensive discussion resulted in the Applicant's request for additional time to gather data on the demand for the units targeting 40% rents, and to work toward a consensus on the rent targets. As a result, the Applicant requested that the item be deferred further until the May 10, 2007 Board meeting.

Staff is notifying the Board that the appeal item will be moved to the May agenda to provide the Applicant sufficient time to provide additional information to support the options to be evaluated.